

18 March 2024

**SigmaRoc plc**

('SigmaRoc', the 'Company' or the 'Group')

**Audited full year results for year ended 31 December 2023  
Notice of AGM**

SigmaRoc (AIM: SRC), the AIM quoted lime and limestone group, is pleased to announce its audited results for the year ended 31 December 2023.

|                             | Statutory results      |                        |               | Underlying <sup>1</sup> results |                        |               |
|-----------------------------|------------------------|------------------------|---------------|---------------------------------|------------------------|---------------|
|                             | 31<br>December<br>2023 | 31<br>December<br>2022 | YoY<br>change | 31<br>December<br>2023          | 31<br>December<br>2022 | YoY<br>change |
| Revenue                     | £580.3m                | £538.0m                | +8%           | £580.3m                         | £538.0m                | +8%           |
| EBITDA                      | £87.3m                 | £95.0m                 | -8%           | £116.7m                         | £101.7m                | +15%          |
| EBITDA margin               | 15.0%                  | 17.7%                  | -270bps       | 20.1%                           | 18.9%                  | +120bps       |
| Profit before tax           | £28.3m                 | £42.7m                 | -42%          | £71.2m                          | £62.7m                 | +14%          |
| EPS                         | 1.95p                  | 4.89p                  | -60%          | 8.12p                           | 8.0p                   | +1%           |
| Net debt <sup>2</sup>       |                        |                        |               | £182.4m                         | £193.8m                | -6%           |
| Covenant Leverage           |                        |                        |               | 1.57x                           | 1.93x                  | -19%          |
| ROIC                        |                        |                        |               | 10.8%                           | 10.3%                  | +50bps        |
| FCF <sup>3</sup>            |                        |                        |               | £47.0m                          | £54.3m                 | -12.7%        |
| FCF Conversion <sup>4</sup> |                        |                        |               | 40.3%                           | 53.4%                  | -12.7ppt      |

<sup>1</sup> 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. Non-underlying items are described further in the Chief Financial Officer's report. These measures are not defined by UK IAS and therefore may not be directly comparable to similar measures adopted by other companies.

<sup>2</sup> Net debt including IFRS 16 lease liabilities.

<sup>3</sup> Free Cash Flow takes net cash flows from operating activities and adjusts for CapEx, net interest paid, and for the underlying result further adjusts for net non-underlying expenses paid and working capital payments relating to pre-acquisition accruals or purchase price adjustments.

<sup>4</sup> Free Cash Flow Conversion is FCF relative to underlying EBITDA.

<sup>5</sup> Company compiled analyst consensus estimates as of 18 December 2023: revenue of £596.9m, underlying EBITDA of £110.2m and underlying EPS of 7.5p.

<sup>6</sup> ROIC calculation revised to include total equity in invested capital rather than just share capital.

**Financial highlights:****Strategic execution driving strong performance, against a challenging market backdrop**

- Trading resilience, efficiency gains and value-accretive acquisitions combined to deliver record earnings performance, ahead of original expectations<sup>5</sup>
- LFL revenue grew by 2% and underlying EBITDA by 10%, despite a 4% volume decline, reflecting the Group's strong market position, pricing power and differentiated operational model with diversified end markets
- Continued emphasis on operational efficiency, with £4m of annualised profitability gains delivered across the Group, enabled further underlying EBITDA margins improvement to over 20%, demonstrating the Group's pricing power

- Underlying EPS increased by 1% despite significant increase in finance costs and impact of dilution from the £30m equity fundraise in February 2023 with the proceeds fully invested in the months following the fundraise

### **Strong financial position and improved returns**

- Covenant Leverage reduced to 1.57x further demonstrates ability of Group to de-gear while continuing to invest in growth
- ROIC increased by 50bps to 10.8%<sup>6</sup>, with clear path to medium term target of 15%
- Underlying EBIT ROI of 14% for acquired businesses (including FY23 acquisitions)
- Solid FCF at £47m reduced 13% YoY due to higher net interest payments and working capital absorption to support growth

### **Operational and Strategic highlights:**

#### **Growth**

- Benefited from broad diversification across end markets and regions
- Subdued demand in residential construction markets was partially offset by a stronger backdrop for infrastructure projects and industrial markets
- Leadership in local markets and continued focus on service excellence supported a dynamic pricing approach, which largely offset the impact of inflation through the year

#### **Investment**

- Entered into agreements, in November 2023, to acquire CRH's European lime and industrial limestone assets, transforming the Group into a leading European producer
- Deployed £32m to acquire six businesses generating £8m EBITDA across the UK, Belgium, France and the Nordics, which have all been successfully integrated and generating proforma 2023 EBITDA of £10m
- CapEx of £33m includes £5m of quarry development contributing toward c.175 years of mine life at CDH and Ronez
- Successfully developed new asphalt plant in Llandarcy with first commercial sales commencing in March 2024
- Successful commissioning of Aqualung carbon capture technology in Sweden, ongoing deployment of biofuels across network, and partnership formed with Materials Evolution to further decarbonise concrete product offerings in line with the Group's ESG strategy

#### **Execution**

- Continued safety improvement across the Group, with Total Incident Frequency Rate (TIFR) and Serious Harm Injury Frequency Rate (SHIFR) improved by 6% and 31% respectively including both employees and contractors.
- Successful launch of Aqualung carbon capture facility in Sweden with development now focused on purification, compression and liquefaction for utilisation
- Launch of Puccini Blue, a revolutionary, highly sustainable re-interpretation of Belgium Blue Stone, revealing unique features not seen in other natural stone
- Progress on Materials Evolution partnership to produce low-carbon concrete products with the first plant on CCP's site near Wrexham expected to be operational mid-2024
- Delivering continued YoY sustainability improvements:
  - o 29% reduction in CO<sub>2</sub> e intensity since 2021 baseline
  - o 12% YoY reduction in electrical energy intensity
  - o 71% fossil free electricity across the Group supported by 100% fossil free electricity in Nordics and Belgium.
  - o POC to show kilns can run on between 50%-100% biofuel depending on kiln type
  - o 35% of total energy consumption from alternative and renewable means

#### **Outlook**

- Trends from 2023 expected to persist into 2024, with strong infrastructure and industrial markets and subdued residential construction
- Trading for the first two months of the year in-line with expectations, hence the Board's outlook for FY24 remains unchanged

- Integration of CRH European lime and industrial limestone assets is progressing well and the Board is confident that once integrated, the Group will begin delivering previously outlined synergies, enhancing cash flows, and reducing leverage

### **Notice of Annual General Meeting**

SigmaRoc is also pleased to provide notice that its Annual General Meeting ('AGM') will be held at 12:30pm on Friday 12th April 2024 at The Washington Mayfair Hotel, 5 Curzon St, London, W1J 5HE.

Copies of the Notice of AGM, together with the Form of Proxy and Annual Report will be posted to shareholders and be available to view on the Company's website shortly.

### **Max Vermorcken, CEO, commented:**

*"2023 is another year where SigmaRoc delivered performance ahead of expectations in challenging market conditions. We have demonstrated resilient trading, growing revenue, EBITDA and EPS whilst managing the balance sheet to deliver reduced year end gearing, despite the growth and continuing investment into the business.*

*The strategic initiatives we launched in the year are all now contributing, with the transformational acquisition of European lime assets that creates Europe's leading lime business completed immediately post year end with the integration of these assets progressing in line with our expectations.*

*We continue to innovate in our business and are well set up with our enlarged footprint and focus on lime to benefit from long term drivers across the industrial, construction and environmental markets. The transition to a green economy will drive investment in critical infrastructure, with lime an essential component of every aspect of this investment.*

*2024 has started well and I look forward to updating the market on what I expect to be another year of progress as Northern Europe's leading lime operator."*

**END**

The full text of the statement is set out below, together with detailed financial results, and will be available on the Company's website at [www.sigmaroc.com](http://www.sigmaroc.com).

### **Analyst Briefing**

SigmaRoc will host a hybrid briefing for invited analysts at 8:30am today. For more details and to register to attend please email [SigmaRoc@walbrookpr.com](mailto:SigmaRoc@walbrookpr.com).

### **Private Investor Presentation**

SigmaRoc is pleased to announce that its Chairman, David Barrett, its Chief Executive Officer, Max Vermorcken, and its Chief Financial Officer, Garth Palmer, will provide a live presentation to private investors reviewing the 2023 results and prospects via Investor Meet Company today at 2.00pm GMT.

The presentation is open to all existing and potential shareholders. Questions can be submitted at any time during the live presentation. Investors can sign up to Investor Meet Company for free and add to meet SigmaRoc via:

<https://www.investormeetcompany.com/sigmaroc-plc/register-investor>

Investors who already follow SigmaRoc on the Investor Meet Company platform have automatically been invited.

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## CHAIRMAN'S STATEMENT

At the end of 2023, we achieved a key milestone in the development of our Group, with the proposed acquisition of CRH's European lime assets. The first and largest of three phases of this transaction completed post period end, in January 2024, and we are now positioned to become a leading operator in these markets across Europe. This strategic move, a long-held ambition cultivated through careful assembly of the right assets in Northern Europe, brings transformational scale, market position and product offering as we evolve into a leading lime entity.

This strategic advancement was realised amidst challenging market conditions both in equity markets and across various sectors and regions, yet we maintained our core business's record of continuous improvement, with another year of strong performance. This report offers deeper insights and context as we gear up for yet another year of substantial progress.

### Overview

I am very pleased to report another solid financial performance for the year. Despite a challenging market, we achieved a 2% LFL increase in revenues to £580m, while managing a 4% LFL decrease in volumes. This performance underscores the robust and diverse nature of our Group, adept at sustaining earnings growth even in subdued markets.

We also enhanced our underlying profitability, with a 10% LFL increase in underlying EBITDA, and a modest yet positive improvement in underlying EPS to 8.12p. This was achieved amidst a significant YoY increase in financing costs and the effective absorption of the dilutive impact from the February 2023 fundraising.

Our teams have demonstrated exceptional focus and efficiency, leading to operational improvements across the board and a return to historical margin trends. These efficiency improvements have been primarily operational and have led to significant net cost reductions across the Group. Commercial initiatives, selling product in new markets, or new products in old markets have also helped deliver these results.

Our year was not just about financial gains. We made significant strides in our environmental, social, and governance (ESG) initiatives. Our safety standards have improved further due to a new group-wide

safety management approach. Environmentally, we have made a significant leap by operating one of Europe's largest carbon capture systems in Sweden. In respect of Governance, we are actively pursuing the addition of two independent board members and the refinement of our policies and procedures strengthens our corporate structure.

## **Lime and limestone**

The CRH Lime Acquisitions, announced in November 2023, stand as a transformative milestone for the Group. These acquisitions not only elevate our operations in the sector, but also align with our ambition for compounding growth and market leadership. Lime and limestone, being essential to modern life and industry, place us at the forefront of a market critical to the ongoing economic transition towards sustainability.

Lime and limestone are less well understood as critical minerals for modern life. They are however, both key, and will continue to be. Lime is sometimes described as by far the cheapest alkali available, and alkali are a group of chemical compounds without which a whole host of industrial processes simply cannot run. This is what makes these minerals so exciting to us as a Group.

## **Outlook**

As we enter FY24, we have several important areas of focus including the completion of the remaining transactions from CRH and seamlessly integrating these assets. Once integrated we will turn our attention to delivering the previously outlined synergies, enhancing cash flows, and reducing leverage, thereby setting a strong foundation for further growth, with a strategic focus on lime and limestone.

The trading backdrop in the early months of 2024 remains similar to 2023, characterised by variability and challenges, conditions which our diversified market exposure is well set up to effectively address. The European construction sector continues to face challenges, in the residential segments, whilst ongoing infrastructure investment is expected to support ongoing project activity. Industrial demand will vary by sector, influenced by both local and global trends. In particular paper and pulp is having a better year, while steel production benefits from disruptions in other regions.

Overall, however, we remain optimistic on the outlook for the year with respect to potentially improving demand for newbuild housing as expected interest rate cuts improve the wider construction climate. The likely reversal should have further spill-over effects in other areas of the economy benefitting our end markets in general.

In closing, the past year has been a testament to our resilience and strategic foresight. As we move forward, we remain committed to facing challenges head-on and capitalising on opportunities for growth and development.

Thank you for your continued trust and support.

David Barrett  
Executive Chairman  
17 March 2024

## **CEO's STRATEGIC REPORT**

In 2016, we launched SigmaRoc with the ambition to operate a portfolio of high-quality assets across Northern Europe which would give us an advantageous competitive position thanks to their market position, barriers to entry, margin and improvement potential and potential links to larger economic players. All of these features are clearly evident in what we now very simply describe as a leading European lime and limestone business.

Lime and limestone are a unique group of products, critical to modern life and essential to a more sustainable world. Building a leading position in this sector is not easy and has been the long-term ambition of our group, initially through our acquisitions of CDH in 2019 and Nordkalk in 2021. Whilst market and operating conditions in both 2022 and 2023 became increasingly challenging, leading many

competitors to pause their strategic growth ambition, we continued to integrate, grow and optimise our businesses with the same agility and focus that has been the hallmark of the Group. By retaining focus on our goals, we were able to execute the transformational strategic step in our evolution this year, through the acquisition of CRH's asset base and successfully position ourselves as a leader in limestone and lime across Northern Europe. This pivotal evolution has not only brought strategic alignment across our operations but also paved the way for sustainable growth and enhanced shareholder value.

The journey to this point has been intricate and required a series of calculated assumptions and strategic steps, executed with precision and timeliness. The support from our shareholders and the relentless commitment of our team were instrumental in this journey. Their contributions have been the cornerstone in establishing SigmaRoc as a key player in the European lime industry, a sector vital to both construction and industrial applications.

This statement aims to provide additional context on the year that just closed, the steps taken, and how these steps now set the Group up for chapter two of its journey. We are now poised to focus on integrating our diverse operations into a synergistic whole, a compounding value creator, a driver of innovation, a leader in the sector, and hopefully the envy of the industrial minerals space.

### **Financial performance**

The Group again delivered a strong performance against very challenging market conditions in 2023, a testament to the diversification and quality of the business, as well as the skill in execution of our team. Group revenue increased to £580m, a 2% LFL increase. Underlying EBITDA increased to £117m, an increase of 10% LFL.

Underlying profit after tax increased to £58.8m, translating into underlying EPS of 8.12p, representing a 1% increase YoY. This evolution is very pleasing as the senior debt finance costs more than doubled between 2022 and 2023, reflecting rising interest rates. Tax expense increased also, from 15% to 17% of profit before tax, as some carry forward losses were used up in prior periods. The ability of the Group to deliver another year of underlying EPS growth is an enormous testament to the hard work of so many, in particular those seldomly mentioned in our annual report, our machine and plant operators, quarry staff and sales representatives who all look for ideas to improve the performance of the Group.

Considering this performance on a more granular level, the Group performed particularly well given some of the local trading conditions. Overall volumes were down, as was to be expected, but by only 4% LFL, a modest drop when considering an average European construction output slowdown of 1.7% with 1.6% in the UK. The largest impact on volumes was therefore within the construction segment, particularly newbuild housing, where much action was taken early in the year.

Industrial performance was overall in line with our expectations, for a year without volume growth on the back of overstocking in the paper segment, and a reduction in demand for some chemical applications. These lower volumes were compensated for by robust continued demand in steel, environmental and infrastructure projects.

Considering these trends on a regional basis, our North West region, comprising mostly construction materials businesses including more commodity-like products, had several challenging months to endure as they actively shifted focus from residential to infrastructure projects. Much progress was made to upscale the precast products. The integrated businesses in Wales and the Channel Islands delivered a strong year, despite several contractor bankruptcies in Jersey created disruption in this market. As a result, the North West region recorded a LFL decrease in revenues of 1%, against a LFL decline in volumes of 8% and LFL underlying EBITDA improvement of 1%.

The West region also delivered a solid performance across its two platforms, Dimension Stone and Benelux. Initiatives taken in 2022, commercially and within production, helped Dimension Stone trade successfully through a challenging market, assisted by additional infrastructure work and overseas sales. The aggregates and concrete businesses both had good years, despite increased monthly volume volatility. West region volumes decreased by 8% LFL, delivering overall revenues of €114m, a LFL decrease of 7%. In spite of the difficult trading conditions, the West region was able effectively to manage its cost base and increase underlying EBITDA by 15% LFL, achieving a 473bps improvement

in underlying EBITDA margin in the process. The new businesses in the Limburg region and on the southern border of Belgium performed well, delivering more than expected in their first partial year of ownership.

Our North East region had a great year delivering on all strategic and financial priorities. The restructure announced at the end of 2022 helped deliver a more agile organisation, able to capture more value via commercial and operational initiatives. Revenues increased to €390m, a 3% LFL increase, on volumes down 3% LFL, driven mainly by weaker residential construction demand in the Nordics which has relatively low impact on profitability. The Lime, Poland and the Baltic businesses performed strongly, translating into a 12% LFL increase in underlying EBITDA and a 179bps improvement in underlying EBITDA margin.

## **Strategic development**

2023 marked an exceptionally dynamic year in our Group's history. At the end of 2022 we had identified several acquisition and investment opportunities that were available at depressed valuations, due to macro-economic uncertainty. This pipeline of bolt-on acquisitions consolidated our positions in Sweden, Finland, the Baltic states, Benelux and the UK, expanding our Group in terms of geography and product range in a year where volume growth was likely to be extremely challenging.

As we embarked on integrating these bolt-on acquisitions, our focus shifted to an opportunity that has been a long-held ambition of the Group – the acquisition of CRH's lime and industrial limestone assets. These very significant assets, known for their operational efficiency and value, presented a complex acquisition proposition, especially in a transaction climate that appeared less favourable.

Notwithstanding the backdrop, our evaluation of the transaction was very clear and came from two perspectives: firstly, its financial viability, considering immediate and long-term earnings growth and our ability to achieve and maintain target ROIC levels; and secondly, the strategic value in elevating our status, not merely as a participant in the lime and limestone sector, but as a principal producer of these essential materials in Northern Europe.

What followed were months of work by a small but dedicated team to deliver a transaction which if completed in full, would see our Group double in size and establish itself as Europe's second largest producer by volume of a critical industrial and construction mineral. The project was ambitious and extremely challenging given its scale and structure.

It required a significant scale up in debt facilities which our two main banks, Santander and BNPP, fully underwrote. We further relied on equity investment from existing and new shareholders to fund the acquisitions. Despite the complexities, with the critical support from our shareholders we were able to finalise the transformative transaction by the end of November 2023.

The acquisitions do more than just amplify our size in the lime sector. First, they clarify and accelerate our strategic direction, affirming our central commitment to the lime and limestone sector. Secondly, they bring us to a scale where concurrent objectives of compounding growth, share buybacks, dividend distributions, and debt reduction become achievable. Lastly, through geographic footprint and product offering, it transforms SigmaRoc into a unique asset backed industrial minerals group with much further potential.

## **Safety**

The Group has made significant progress in safety throughout 2023, with our drive for continuous improvement prompting a fresh perspective on safety practices. Although reporting via our HighVizz application was already commendable, the implementation of learnings across the Group needed improvement.

In response, our board safety committee introduced two fundamental changes. First, we launched a Group-wide supervisor training programme to ensure that supervisors are effectively fulfilling their roles. This training highlighted that, in many cases, individuals designated as supervisors were not fully performing their duties, leaving critical supervisory roles effectively unmanned. As a result, unsafe behaviours or key learnings at Group level were not consistently reaching operators.

The second major change was the initiation of a safety audit programme. Similar in concept to a financial audit, the safety team of the Group, with a Group-wide mandate, now conducts audits at all sites to assess both the accuracy of safety documentation and the actual safety practices on the ground.

These audits are designed to drive continuous improvement in our operations. 172 audits were conducted this year by Clint White, our HSE&P Director. An incredible feat reflecting our unwavering commitment to ensuring the highest standards of safety across all operations. A comprehensive review of the progress we have made can be found in the ESG section.

## **Environmental and social**

Alongside safety we made good progress in a number of other facets of our ESG strategy in 2023. To document progress clearly, we have now included a dedicated ESG section in this report. Of the many initiatives detailed in the ESG report, there are four projects of which we are especially proud.

First, we believe we are the first kiln operation in Europe with a fully functioning carbon capture facility, capable of capturing CO<sub>2</sub> at scale. The installation has been fully commissioned and is now capturing CO<sub>2</sub> to calibrate the second stage of the CCUS process – either utilisation (U), or sequestration (S). Progress is being made in both areas, with the help of additional testing facilities to ensure the quality and consistency of the captured CO<sub>2</sub> for effective use in either U or S scenarios.

The second project is the launch of a full-scale aggregates recycling installation in North Wales, which now treats and recycles 350kt tonnes of waste aggregates per year. This initiative will eventually liberate c.5m tonnes of virgin aggregate previously trapped beneath waste piles deemed of insufficient quality for recycling. This complements our recycling activities in Finland, Sweden, Belgium and the Channel Islands, where we are processing returned concrete, demolition waste and waste aggregates.

The third project focuses on utilising 100% of the material extracted from our dimension stone quarries. Previously, stone not suitable for high-quality slabs or tiles was used for security bunds or construction aggregate – neither high in value nor value-add. Throughout the year, our teams in Belgium have explored various high-value applications for this stone, significantly enhancing its potential.

Lastly, we have continued our efforts to clean our energy sources, both in terms of combustibles and electricity. Significant progress detailed in the ESG section, includes applications for wind turbines to supplement our solar arrays and increase clean energy usage at various production sites. Additionally, we are transitioning to biofuels for running our kilns, having already achieved a full week of operation solely on biofuels – a first in the industry.

With respect to social targets we have made a leap forward as well, delivering over 22,000 hours of learning and development, as well as promoting diversity across the group with 42% of non-operational positions being held by women. At a local level our business continues to work closely with our communities, donating time and materials to community projects as well as land and water for community use.

Overall, the progress in 2023 has been significant, paralleled by our active engagement in financial and growth objectives. More developments are expected in the future.

## **Non-Financial and Sustainability Information Statement**

The Company recognises the need to report on the on the principal risks associated with climate change and sustainability under the Companies Act. The Group has fulfilled their requirements to report under the act throughout the ESG section.

## **Governance**

We have continued to make significant strides in governance, with the rollout of additional policies across the Group, further strengthening our commitment to robust and effective management practices, and establishing new board committees focusing on ESG and Innovation. These committees are instrumental in guiding our strategic direction in these critical areas, ensuring that we stay at the



forefront of industry developments and maintain our commitment to sustainable and innovative practices.

## **Innovation**

The fourth pillar of our 4i operational model, innovation, has seen notable advancement, extending beyond our ESG-related programmes. This year we have made significant progress in our product range and innovation investment, with three projects particularly standing out.

First, we have made considerable further progress with our Greenbloc range. This product line is now incorporated in almost all of our concrete products, available in three distinct performance levels. These levels provide a range of embodied CO<sub>2</sub> reductions from 50% to 90%. Looking ahead, we aim to surpass the 100% mark, positioning ourselves as pioneers in producing large-scale negative carbon concrete products.

In our quest for innovation, we have initiated a scheme to fund external technologies that can make our products more competitive, advanced and/or sustainable. Highvizz was an early success within this initiative and building on this, we have now formed a partnership with Mevo.

Mevo is a revolutionary new technology for the grinding and blending of non-cementitious minerals, imparting certain binding properties to the materials. We have supported Mevo in raising £15m in venture funding and have assisted in the construction of its first large-scale plant. Once operational, we anticipate that Mevo's technology will be at the forefront of decarbonising all our concrete products.

## **Post period announcements**

On 4 January 2024 the Group successfully completed the first of three proposed CRH Lime acquisitions, and in conjunction with CRH Deal 1 completed admission of the Group's enlarged share capital with a £200m gross equity fundraise and new €875m senior finance facility.

On 1 March 2024 the Group issued notice of exercise of the call option to acquire CRH's UK lime operations for a total consideration of €155m, with the transaction expected to complete by the end of March 2024.

## **Outlook**

SigmaRoc's impressive performance in 2023, reflected in our robust financial results, underscores the inherent strength and quality of our assets and operations. Since January 2024, we have welcomed several new businesses into our Group, and this expansion is set to continue as we acquire the remainder of CRH's European lime businesses in a planned phased approach. Each of these acquisitions represents high-quality assets with strong market positions, reinforcing our confidence in the sustained performance of not only our existing operations but also those of the recently integrated businesses.

This report was approved by the Board on 17 March 2024.

Max Vermorcken  
Chief Executive Officer

## **CHIEF FINANCIAL OFFICER'S REPORT**

I am pleased to report yet another strong year financially for the Group, surpassing expectations in a challenging operational and market environment. While residential construction markets showed significantly subdued volume, our profitability improved. This achievement is due to strong performance in industrial minerals and infrastructure markets, coupled with proactive management actions in the UK and Nordics to optimise operations.

For the year ending 31 December 2023, the Group generated revenue of £580.3 million (2022: £538.0 million) and underlying EBITDA of £116.7 million (2022: £101.7 million). Underlying profit before taxation for the Group was £71.2 million (2022: £62.7 million).

The statutory loss for the Company for the year ended 31 December 2023 before taxation amounts to £42.9 million (2022: loss £24.4 million), which includes £30.0 million of non-underlying expenses primarily pertaining to M&A related cash fees, non-cash share option expense and amortisation of finance costs.

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 2023.

|                           | <b>2023</b><br><b>£'000</b> | <b>2022</b><br><b>£'000</b> |
|---------------------------|-----------------------------|-----------------------------|
| Cash and cash equivalents | 55,872                      | 68,623                      |
| Revenue                   | 580,285                     | 537,993                     |
| Underlying EBITDA         | 116,688                     | 101,723                     |
| Capital expenditure       | 43,046                      | 52,721                      |

Cash generated from operations was £65.4 million (2022: £87.7 million) with a net decrease in cash of £11.5 million (2022: £4.0 million) after spending £30.2 million on acquisitions net of cash acquired, £37.1 million in net capital expenditure and £20.0 million in senior loan amortisation repayments.

Underlying EBITDA exceeded expectations and management forecasts, while revenue and volumes were somewhat softer due to difficult residential construction markets and dynamic pricing effects of lower input costs.

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

## PPA

BDO UK LLP undertook the PPA exercise required under IFRS 3 to allocate a fair value to the acquired assets of JQG and Goijens.

The PPA process resulted in a reduction of goodwill recorded on the Statement of Financial Position of the Group for JQG from £49.8 million to £16.7 million and a reduction in Goijens from £5.1 million to £1.6 million. The reduction was to transfer the value of goodwill to tangible assets for land and buildings, land and mineral reserves, intangible assets and deferred tax assets.

## Non-underlying items

The Company's loss after taxation for 2023 amounts to £42.9 million, of which £30.0 million relates to non-underlying items, while the Group's non-underlying items totalled £42.1 million for the year, of which £12.3 million, representing approximately 30%, are non-cash and non-tax deductible. These items relate to seven categories:

1. £25.9 million in exclusivity, introducer, advisor, consulting, legal fees, accounting fees, insurance and other direct costs relating to acquisitions. During the year the Group acquired Juuan Dolomitik, Goijens, Retaining, Björka Mineral, ST Investicija, Beton and entered into agreements for the CRH Lime Acquisitions which comprise the vast majority of the costs incurred during the year.
2. £6.6 million amortisation of acquired assets and adjustments to acquired assets.
3. £4.0 million in share-based payments relating to grants of options.

4. £3.7 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. £0.4 million on unwinding of discounts on deferred consideration payments for Harries.
7. £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 £15.9 million (2022: £10.4 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 £12.4 million (2022: £9.1 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 1.98 pence (2022: 4.89 pence) and underlying basic EPS (adjusted for the non-underlying items mentioned above) for the year totalled 8.12 pence (2022: 8.03 pence).

## **Statement of financial position**

Net assets at 31 December 2023 were £514.9 million (2022: £469.9 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 £65.4 million (2022: £87.7 million). The Group spent £30.2 million on acquisitions net of cash acquired, £37.1 million on capital projects including acquisition of intangibles, raised £29.2 million net of fees from the issue of equity, generated £5.2 million through the disposal of non-core property, plant & equipment, and repaid net borrowings of £27.0 million. The net result was a cash outflow for the year of £11.5 million.

## **Net debt**

Net debt at 31 December 2023 was £182.4 million (2022: £193.8 million).

## **Bank facilities**

On 22 November 2023 the Company entered a new syndicated senior credit facility of up to €750 million (the 'New Debt Facilities') led by Santander UK and BNPP, with the syndicate including several major UK and European banks and a further €125 million bridge loan ('Bridge Loan'). The New Debt Facilities were partially drawn on 4 January 2024 in connection with the CRH Lime Acquisitions, specifically CRH Deal 1, and the legacy debt facility was repaid as part of this process.

The New Debt Facilities comprise a €600 million committed term facility, €150 million revolving credit facility and a further €100 million uncommitted accordion.

The Group's New Debt Facilities have a maturity date of 21 November 2028 and are subject to a variable interest rate based on EURIBOR plus a margin depending on underlying EBITDA.

The Group's New 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 3.5 times EBITDA while the Bridge Loan remains outstanding and then 4.0 times thereafter; 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 3.95x in 2024.

The Bridge Loan has a maturity date of 21 November 2024, with options for two 6-month extensions which if exercised would push maturity to 21 November 2025. The Bridge Loan is subject to a variable interest rate based on EURIBOR plus a margin as follows:

- 2% for months 0 – 6
- 3% for months 7 – 12
- 4% for months 13 – 18 (assuming exercise of the first extension option)
- 5% for months 19 – 24 (assuming exercise of the second extension option)

As at 31 December 2023, the Group comfortably complied with its bank facility covenants under the terms of the legacy debt facility and total undrawn facilities available to the Group under the legacy debt facility amounted to approximately £173 million.

### **Capital allocation**

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 Group has achieved significant capital growth since its inception and the Directors expect to commence dividend payments once the Group's Covenant Leverage is below 1.5 times, which following CRH Deal 1 of the CRH Lime Acquisitions, is currently above 2 times. The Directors therefore do not recommend the payment of a dividend for the year (31 December 2022: nil).

### **Post balance sheet events**

Post 2023 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 17 March 2024 and signed on its behalf.

Garth Palmer  
Chief Financial Officer

## **ESG REPORT**

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.

This year has seen some substantial achievements in terms of ESG:

- 71% fossil free electricity across the Group with 100% fossil free electricity in Nordics and Belgium
- 35% alternative energy that including alternative / renewable electricity and biofuels / alternative fuels
- 29% GHG emissions intensity reduction from 2021 baseline
- 12% YoY energy consumption reduction

- 36% and 87% YoY reduction in NOx and SOx respectively
- 79% of all our businesses are IOS certified in either ISO9001, ISO14001, ISO45001
- 172 site audits conducted for health and safety
- 0 fatalities and cases of silicosis
- 6% reduction in total injury frequency rates for employees and contractors on our sites
- >25% reduction in lost time and serious harm frequency rates for employees and contractors on our sites
- >2.5 billion litres of water supplied to local communities
- AA MSCI rating
- Launch of multiple sustainable products

Following on from our 2023 annual report and standalone annual 2023 ESG Report, we continue to engage with stakeholders and commit to reporting and disclosure of both mandatory and voluntary ESG and sustainability matters.

**SECR** - we continue to report our energy consumption and Scope 1-3 greenhouse gas emissions according to the SECR regulations, including non-mandatory aspects to ensure full transparency of our emissions and intensity ratio.

**TCFD** – This is the first year we have fully reported against the recommendations and recommended disclosures of the Taskforce on Climate-Related financial disclosures (TCFD), under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. The report was developed in conjunction with external consultants. The report has been reviewed by both the Audit Committee as well as the Company Auditors.

**SASB** – we continue to use SASB as a guiding principle for disclosure of metrics that are material to our industry as per the SASB materiality matrix.

**SBTi** – In line with our stated ambition, this year we have submitted our Scope 1-3 carbon footprint alongside our emissions reduction targets data to SBTi. We have committed to reducing our Scope 1&2 emissions, and to reducing our Scope 3 emissions, aligned with the ambition and emissions reduction trajectory required to curb global temperature rise to 1.5°C.

**European Energy Directive** – UK ESOS report has been compiled and will be submitted in line with UK submission requirements.

**Sustainability recognition and Commitment** - Currently holding a AA rating, we are recognised as a “Leader” in our sector by MSCI. This year we registered with CDP and submitted our first Climate Change questionnaire, and await validation of our emissions reduction targets from the SBTi.

### 1.1. Stakeholder engagement and Materiality Assessment

We continually engage with a wide array of internal and external stakeholders to identify the key sustainability issues that matter most to the Group and to our core stakeholders. Our findings have guided our ESG journey, through setting strategic sustainability performance targets against each material issue. We report on our progress against the strategic targets set and further information on our Materiality Assessment, including our Materiality Matrix:

| Stakeholders<br>(in alphabetical order) | Description   | How we engage  |
|---|---|--|
| Colleagues                              | We have a dedicated workforce of c. 2,000 across the Group. We recognise our dedicated workforce as a key driver of the value derived from the business. Our colleagues are | 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 |

| Stakeholders<br>(in alphabetical<br>order) | Description   | How we engage   |
|--|---|---|
|  | <p>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.</p>  | <p>easy access to all staff. Employee benefit offerings that can also extend to family members.</p>   |
| Customers and Suppliers                    | <p>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.</p> | <p>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.</p> |
| Communities                                | <p>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.</p>   | <p>Proactive approach and active participation in community and industry working groups, forums and committees.</p>   |
| Investors                                  | <p>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&amp;A webinars and conferences. We seek to be transparent and give clear and consistent messages across all communication channels.</p>  | <p>Dedicated forums such as AGM, annual and interim webinar Q&amp;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.</p>  |
| Regulators / local Government              | <p>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</p>   | <p>Regular dialogue with Governments, Government agencies, regulators and industry groups. Active membership of the industry bodies such as 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.</p>                                   |

| Stakeholders<br>(in alphabetical<br>order) | Description   | How we engage |
|--|---|---------------|
|  | sustainability framework following review of international standards. |               |

## 1.2. CO2 and the Lime Industry and how it varies from cement and other industries.

To deal with CO<sub>2</sub>, it is crucial to understand how CO<sub>2</sub> is governed and how it is produced.

### 1.2.1. 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<sub>2</sub>) 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<sub>2</sub>, and any allowance surplus to requirement can be accumulated and used to offset future emissions or traded.

The directive concerning Phase IV (2021-2030) of the ETS entered into force on 8 April 2018. Secondary legislation and guidance documents defining the revised ETS scheme were published in 2023 to align it with the target of a 55 % reduction of EU Green House Gas emissions. The new benchmark values (the value at which the free allowance is set) are 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 drove traded prices in 2023 up to values of €80-€100/tonne, though at the time of publishing they have dropped.

Recently the Cross Border Adjustment Mechanism (CBAM) was brought in for many industries, including cement. Lime however is not part of CBAM. CBAM is a mechanism whereby importers of materials such as steel and cement into Europe will have to pay a duty / tax to ensure that European business and importers are equally priced with regards to carbon costs. In order for those industries to protect their boundaries, the consequence was to relinquish all free allocation by 2034 compared to allowing allowance to run until the 2050 timeline associated with the current legislation. As previously mentioned, lime is excluded from this and will continue its gradual reduction of free allocation under the existing rules.

### 1.2.2. Lime Industry and CO2

For lime there are sources of CO<sub>2</sub> emissions throughout the production process, however there are two primary sources that make up the majority of CO<sub>2</sub> emissions: fuel and process emissions from the calcination part of the process.

The calcination process is simply the formula of deriving CaO from CaCO<sub>3</sub> using heat.

The two main sources of CO<sub>2</sub> from the calcination part of the process are as follows: Combustion CO<sub>2</sub> (~25% to 35%) is produced from the burning of fossil fuels, while process CO<sub>2</sub> (~65% to 75%) results from the actual calcination of limestone.

All the CO<sub>2</sub> sources have different mitigation solutions.

**Power and energy CO<sub>2</sub>** 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<sub>2</sub>** can be reduced by energy efficiency and fuel selection, as well as by carbon capture utilisation or sequestration (CCUS). We have achieved success with fossil free lime calcination, achieving 100% substitution by biomass at one site. Our first Carbon Capture unit has also been successfully installed and commissioned.

**Process CO<sub>2</sub>** can only be addressed by CCUS, with our first Carbon Capture unit having been successfully installed and commissioned.

### 1.2.3. Carbon capture utilisation or sequestration

The emissions from lime kilns are well suited to technologies such as CCUS as they have a higher CO<sub>2</sub> 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<sub>2</sub> 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 currently in use by SigmaRoc, there are a few other options, some of which are more traditional and geared towards large emitters with each solution having their own opportunities and risks:

- Amine scrubbing is acknowledged as the most mature CCUS solution. Absorption-based processes for the separation of CO<sub>2</sub> 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 single kilns / small cluster of kilns due to the proven technology, small footprint, low capital and operating costs and high efficiencies. For our sites that have multiple kilns with larger emission volumes, carbon capture can be done via membrane, but also by other technologies, allowing a flexible approach to carbon capture based on the site, infrastructure and country policies and legislation.

Other technologies, that may be more suited to the SigmaRoc kiln network, are being trialled and investigated including Ocean GeoLoop which employs an all-electric pressure swing process for CO<sub>2</sub> capture where a trial plant designed to capture 10,000 tonnes of CO<sub>2</sub> is to be established with Nordkalk's joint venture partner in Norway.

This allows the Company to constantly select the best option for both its operations and its operating jurisdictions.

## 1.3. Overall Performance



### 1.3.1. Road Map to Net Zero

| ESG         | Subject | Target  | Date | Progress to date   | Status        |
|-------------|---------|---|------|--|---------------|
| Environment | Carbon  | All concrete products available in low carbon and ultra-low carbon. | 2025 | 100% of concrete products available in low carbon and ultra-low carbon.  | Achieved 2023 |
|             |         | Carbon capture storage and utilisation trial plant operational.     | 2025 | First module commissioned and operational.   | Achieved 2023 |
|             |         | Alternative fuels used in mobile equipment.                         | 2030 | One site is running 100% fossil free.  | On Track      |
|             |         | Alternative fuels used in fixed equipment (e.g. lime and asphalt).  | 2032 | 100% fossil fuel substitution achieved on vertical lime kiln using biofuel<br><br>>50% fossil fuel substitution achieved on rotary lime kiln using biofuel with potential to go to 100% upon completion of remaining biofuel project | On Track      |
|             |         | All kilns are carbon neutral.                                       | 2038 | CCUS system commissioned and capture taking place at initial kiln.<br><br>Corporation with JV partner on all-electric pressure swing process CCUS at the Norwegian site.   | On Track      |
|             |         | Net-zero.   | 2040 |  | On Track      |

| ESG | Subject                                   | Target  | Date | Progress to date   | Status        |
|-----|---|---|------|--|---------------|
|     | Energy intensity and efficiency           | 2.5% reduction in energy intensity.                                       | 2030 | 12% YoY energy intensity reduction in 2023<br><br>29% reduction in energy intensity from 2021 baseline   | Achieved      |
|     |   | 100% third party energy sourced from renewable means.                     | 2030 | 100% of electrical energy sourced from fossil free means in Nordics and Belgium<br><br>71% of Group electrical energy sourced from fossil free means   | On Track      |
|     | Resource utilisation and circular economy | 100% of all manufactured products can utilise waste / recycled materials. | 2025 | 100% of our manufactured products (where specification allows) can use recycled products<br><br>This includes products such as asphalt, concrete, and concrete products which are already using, where specification allows, waste / recycled materials such as nappies, RAP, PFA, GGBS and recycled aggregates. | Achieved 2023 |

| ESG | Subject | Target  | Date | Progress to date  | Status   |
|-----|---------|---|------|---|----------|
|     |         | 100% utilisation of all production materials. | 2027 | Nordkalk Next, Nordkalk Complete, Puccini Blue, Mevo, Greenbloc, Aggregates reprocessing, and Concrete Product mix designs are key examples of where we are driving towards 100% utilisation of all our production materials. | On Track |

### 1.3.2. Environment

| Pillar      | Key Focus Area  | Link to UN SDG   | Targets   | How Did we do  | Focus for 2024  |
|-------------|---|--|---|--|---|
| Environment | Sustainable use of reserves and resources.                                    | Goal 12: Responsible consumption & production<br>Goal 13: Climate Action | Achieve Carbon net-zero road map targets.<br><br>Reduction in energy intensity and increase in energy efficiency. | First Carbon Capture plant installed and commissioned<br><br>Installation and commissioning of a new wash plant offering premium washed aggregates | Incorporation of new business into our ESG Road map<br><br>Continue to focus and accelerate where possible our net-zero road map targets. |
| Environment | Responsible use key resources including raw material, mineral and water.      | Goal 12: Responsible consumption & production<br>Goal 13: Climate Action | Maximisation of resource utilisation and circular economy.  | previously designated as waste, in turn releasing approximately 5 million tonnes of limestone.   | Continue energy and fuel optimisation to reduce the reliance on fossil fuels.   |
| Environment | Optimise energy use and minimise impact of our operations on the environment. | Goal 12: Responsible consumption & production<br>Goal 13: Climate Action |   | Creation of Puccini Blue to allow utilisation of up to 100% of the material extracted from our dimension stone quarries.                           |   |
| Environment | Contribute to sustainable   | Goal 9: Industry,  |   |  |   |

| Pillar | Key Focus Area  | Link to UN SDG  | Targets | How Did we do   | Focus for 2024 |
|--------|---|---|---------|---|----------------|
|        | <p>construction and address environmental aspects either through product production or use.</p> | <p>innovation &amp; infrastructure</p> <p>Goal 12: Responsible consumption &amp; production</p> |         | <p>100% fossil fuel substitution in lime kiln at an operating site.</p> <p>First fossil free site created.</p> <p>UK ESOS completed, ready for submission to authorities.</p> <p>Energy surveys completed across platforms that have found multiple opportunities and savings.</p> <p>Further solar installations and tendering for installation of wind energy.</p> <p>Partnership with Mevo Achieve low and ultra low carbon offering across all our Concrete Products</p> <p>Nordkalk Next, Nordkalk Complete and Puccini Blue offerings in drive to sustainable products across our other businesses</p> <p>Submission of SBTi</p> <p>Use of OneClick for creation of</p> |                |

| Pillar | Key Focus Area | Link to UN SDG | Targets | How Did we do  | Focus for 2024 |
|--------|----------------|----------------|---------|----------------|----------------|
|        |                |                |         | LCAs and EPADs |                |

### 1.3.3. Social

| Pillar | Key Focus Area   | Link to UN SDG   | Targets  | How Did we do   | Focus for 2024   |
|--------|--|--|--|---|--|
| Social | Ensure people leave work in the same or better condition than when they arrived. | Goal 3: Good health & wellbeing<br>Goal 8: Decent work & economic growth | Total injury frequency rate and harm injury frequency rate reduction year on year. | Improved safety performance with a notable 31% and 25% reduction in SHIFR and LTIFR respectively.   | Increase Group audit team across the platform.   |
| Social | Support the physical and mental health of our employees and their families.      | Goal 3: Good health & wellbeing  | Increase workforce engagement and retention.<br><br>Increase board diversity.      | This data is not just limited to employees, but included all those that work on our sites including contractors.  | Continual roll out of supervisor alignment programme for Health & Safety.<br><br>Continued focus on 3 core Health & Safety areas: Structure & Compliance; Proactive Prevention; and Learn & Improve. |
| Social | Attract, train, retain and engage our workforce.                                 | Goal 4: Quality Education<br>Goal 8: Decent work & economic growth       |  | 172 site safety audits conducted by Group Health & Safety Director  | Continue to work with government agencies, education establishments and communities to offer long term employment opportunities.   |
| Social | Be a good neighbour; Source local, buy local, sell local, invest local.          | Goal 11: Sustainable cities & communities                                |  | Initiation and roll out of PEPtalk across UK business<br><br>Completion of initial Front Line Supervision initiative to ensure Supervisors spend optimal time managing safety, quality and productivity.<br><br>Supervisor training to at least IOSH Managing Safely level. |  |

### 1.3.4. Governance

| Pillar     | Key Focus Area  | Link to UN SDGs                               | Targets   | How Did we do   | Focus for 2024   |
|------------|---|---|---|---|--|
| Governance | Promote QCA and Corporate Governance Codes                      | Goal 16: Peace, justice & strong institutions | Continue to implement, and transparently disclose, compliance and matters relating to ESG.<br><br>Maintain ongoing compliance in a dynamic environment across multiple jurisdictions. | Appointment of Tom Jenkins as Head of Investor Relations  | 100% compliance target on Formity training and acknowledgement for Group polices across the Group                                |
| Governance | Ensure proactive Board oversight and independence of committees | Goal 16: Peace, justice & strong institutions |   | Formalisation of Formity across the Group to ensure governance training and compliance.   | Creation of dedicated ESG Board Committee<br><br>Quarterly ESG reporting to Board and ESG Committee                              |
| Governance | Focus on Risk Management and mitigation, including cyber        | Goal 16: Peace, justice & strong institutions |   | Engagement of CEN-ESG to conduct gap analysis and peer review report that identified opportunities to improve our policies and governance | Continued interaction with institutional investors' ESG & Stewardship analysts to ensure compliance with reporting requirements. |
| Governance | Ensure transparency on reporting and Tax                        | Goal 16: Peace, justice & strong institutions |   | Completion of first TCFD report   |  |

### 1.3.5. SASB

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.

| SASB Topic                      | Accounting Metric   | Category     | Unit of Measure                                      | Code         | 2023 Result   |
|---------------------------------|---|--------------|--|--------------|---------------|
| <b>Greenhouse Gas Emissions</b> | Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations | Quantitative | Metric tonnes (t) CO <sub>2</sub> -e, Percentage (%) | EM-CM-110a.1 | 662,135 tCo2e |

|                                 |  |                         |  |              |   |
|---------------------------------|--|-------------------------|--|--------------|---|
| <b>Greenhouse Gas Emissions</b> | 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 |   |
| <b>Air Quality</b>              | Air emissions such as:   | Quantitative            | Metric tonnes (t)                            | EM-CM-120a.1 |   |
|                                 | (1) Nox,   |                         |  |              | 447   |
|                                 | (2) Sox,   |                         |  |              | 196.3   |
| <b>Energy Management</b>        | (1) Total energy consumed,   | Quantitative            | Gigajoules (GJ)<br>Percentage (%)            | EM-CM-130a.1 | 4.3m GJ of energy   |
|                                 | (2) percentage grid electricity,   |                         |  |              | 15% from grid electricity   |
|                                 | (3) percentage alternative,  |                         |  |              | 35% alternative energy that includes alternative / renewable electricity and biofuels / alternative fuels   |
|                                 | (4) percentage renewable   |                         |  |              | 5% renewable energy that includes renewable electricity and biofuel   |
| <b>Water Management</b>         | Total fresh water withdrawn,   | Quantitative            | Thousand cubic meters (m.)<br>Percentage (%) | EM-CM-140a.1 | 34,000k m3 of water is managed that includes dewatering processes from seasonal snow melt water, rain water collection etc<br><br>Of the water managed 2%, 748k m3, is used for operational purposes which is a mix of fresh water, |

|                             |   |                         |                              |              |  |
|-----------------------------|---|-------------------------|------------------------------|--------------|--|
|                             |   |                         |                              |              | <p>recycled and collected.</p> <p>Of the water managed 8%, &gt;2,5m m3, is allocated to local communities for drinking water purposes.</p>   |
| <b>Waste Management</b>     | Amount of waste generated   | Quantitative            | Metric tonnes (t)            | EM-CM-150a.1 | <p>2,787,498t generated of which 88% is recycled</p> <p>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.</p> |
| <b>Biodiversity Impacts</b> | Description of environmental management policies and practices for active sites | Discussion and Analysis | n/a                          | EM-CM-160a.1 |  |
| <b>Biodiversity Impacts</b> | Terrestrial acreage disturbed; percentage of impacted area restored             | Quantitative            | Acres (ac)<br>Percentage (%) | EM-CM-160a.2 | 5,287 acres of land is disturbed which accounts for about 48% of our land holdings.  |



|   |   |              |                                   |              |   |
|---|---|--------------|-----------------------------------|--------------|---|
|   |   |              |                                   |              | 17% of disturbed land was restored or is under restoration program  |
| <b>Workforce Health &amp; Safety</b>      | 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.                      |
| <b>Workforce Health &amp; Safety</b>      | Number of reported cases of silicosis   | Quantitative | Number                            | EM-CM-320a.2 | None  |
| <b>Product Innovation</b>                 | 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 sections we clearly show how construction material product innovation is being driven. |
| <b>Pricing Integrity and Transparency</b> | 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 | £0<br>Zero  |

## 1.4. Case Studies

### 1.4.1. Aqualung update and NorFraKalk

In 2023, SigmaRoc successfully installed and commissioned its first carbon capture unit at Nordkalk's site in Köping, Sweden. The fully scalable carbon capture system, utilising Aqualung's innovative membrane technology, is the first-ever implementation of its kind in the industry.

The carbon capture system has been developed by Aqualung, a leading provider of membrane-based carbon capture and separation technology, based in Norway.

Over the course of the preceding year, SigmaRoc reviewed an array of technologies including amine absorption, solid absorption, membrane and cryogenic. The Aqualung membrane technology was considered best suited for the Group's operations based on the following factors: small footprint, low CapEx and operating costs, and a relatively low complexity and efficient solution. The system is modular and fully scalable, allowing SigmaRoc significant flexibility in the roll out of the solution.

The Aqualung module installed in Köping can capture up to 25% of the process emissions emitted from a standard kiln and was initially designed as a 'catch and release' system to demonstrate the durability and efficiency of the membranes. The unit is able to capture CO<sub>2</sub> with a purity of 96% through just 2 stages.

The unit has been connected to a pilot purification module to simulate settings required to produce higher purities of CO<sub>2</sub> for different end use applications that go beyond sequestration requirements. We believe review of alternative application is required whilst European Governments and third parties develops legislation, policies and sequestration infrastructure including pipeline, storage facilities and portside facilities to allow for commercially available sequestration.

SigmaRoc is working with various businesses and solution providers with regards to the end use of CO<sub>2</sub>, including being involved with the NICE (Norvik Infrastructure CCS East Sweden) project to explore all CO<sub>2</sub> utilisation and sequestration options.

Nordkalk also secured part-funding from the Swedish Energy Agency for the implementation and scaling of the Köping carbon system with the intention to capitalise on the learning from the engineering, commissioning and operation phase of the initial module.

As part of the Groups JV, Norfrakalk in conjunction with Ocean GeoLoop are initiating an industrial trial plant designed to capture 10,000 tonnes of CO<sub>2</sub> in Norway using an all-electric pressure swing process.

### 1.4.2. Biodiversity

The concept of dynamic biodiversity management combines integrated management of the operation of an active quarry with dynamic preservation, management and restoration measures for species and habitats. This principle makes it possible to integrate the populations of species present in the quarry into a network of habitats ensuring constant availability of environments conducive to their development.

We have integrated the dynamic management of biodiversity into its extraction activity as part of the Life in Quarries project and have conducted annual monitoring to assess the structure and functionality of the habitats created. Since 2020, in Belgium we have ensured compliance with a management plan in response to local biological issues using the tools and skills acquired as part of the Life in Quarries project. A summary of activities in 2023 is set out below:

| ACTION UNIT                | commitment | Current | Active |
|----------------------------|------------|---------|--------|
| Pioneer ponds (nb)         | 15         | 18      | 18     |
| Mineral pioneer lawns (ha) | 1.5        | 1.72    | 1.72   |

|                               |    |       |       |
|-------------------------------|----|-------|-------|
| Swallow cliffs (nb)           | 1  | 2     | 2     |
| Solitary bee slope (nb)       | 1  | 1     | 1     |
| Various shelters (nb)         | 10 | 14    | 14    |
| Permanent ponds (nb)          | 10 | 15    | 15    |
| Gentle sloping banks (m)      | 50 | 52.53 | 52.53 |
| Gull platforms (nb)           | 2  | 5     | 5     |
| Artificial bat galleries (nb) | 1  | 1     | 1     |
| Historic bat galleries (nb)   | 1  | 1     | 1     |

During 2023, specific training was given by the University of Gembloux on two areas:

### **Pollinators**

Career pollinators and the awareness about the disappearance of wild bees which are essential for biodiversity and a large part of the crops intended for our food. Pollinators need quality food resources at each stage of their life, winter nesting sites, construction materials for nesting and shelter to protect themselves from the wind and predators all whilst considering light pollution.

### **Planting hedges in Quarries**

With their gradual disappearance throughout the country, hedges have taken away the multiple roles they fulfilled. They have local and regional ecological importance by diversifying the landscape and providing habitat and food resources for many species. They fulfil other roles of ecological connectivity and provide a range of ecosystem services, shading, fight against runoff, improvement of soil quality. They also support the quarry in other services: fight against erosion, protective barrier, sound insulation. They can constitute an additional opportunity to contribute to the conservation of Biodiversity in the quarry.

### **1.4.3.Waste reuse & Circular Products**

Circular solutions have been a large focus in 2023 with the extension and launch of several sustainable product lines, such as Greenbloc, Mevo, MTech, Puccini Blue, Nordkalk Next and Nordkalk Complete on industrial scales.

#### **Mevo**

Mevo is a revolutionary new technology for the grinding and blending of non-cementitious minerals, imparting certain binding properties to the materials. The Company has supported Mevo in raising £15m in venture funding and has assisted in the construction of its first large-scale plant. Once operational, we anticipate that Mevo's technology will be at the forefront of decarbonising all our concrete products.

#### **Greenbloc**

Through 2023 Greenbloc technology has made significant strides in sustainable development across the business, offering up to 50% carbon reduction on all standard blocks produced at CCP Building Products. This has saved over 6,000 tonnes of CO<sub>2</sub> since its introduction and has been offered at no additional cost to the customer. CCP completed its expanded new ranges by introducing an additional premium range product, which sits between its standard 50% reduction product and ultra cement-free and provides up to a 70% carbon reduction at a competitive price.

Greenbloc can now be incorporated in almost all of our concrete products, available in three distinct performance levels. These levels provide a range of embodied CO<sub>2</sub> reductions from 50% to 90%. Greenbloc is a flexible solution, enabling daily production and the ability to turn cement-free concrete on-and-off for environmentally significant bespoke projects. These include the UK Environmental Agency's Canvey Island Sea Defence and Jimmy's Farm Polar Bear Relocation projects, both of which achieved over 80% reduction in the carbon embodiment of the concrete products. As a result of these initiatives, we have become one of the leading UK producers of cement-free pre-cast concrete, producing more wet-cast cement-free concrete per day than any other precast company, and underscoring the industry's shift towards more sustainable practices. The resulting media focus has brought more cement-free projects to the business for 2024. Looking ahead, we aim to surpass the

100% mark, positioning ourselves as pioneers in producing large-scale negative carbon concrete products.

A leap in innovation was gained through the production of a carbon-negative-cement-free concrete block, which boasted a 115% carbon reduction and was created using Greenbloc cement-free technology, combined with carbon-negative aggregate produced from waste materials and captured carbon. The block showed all the same characteristics and performance as standard equivalent cement-based blocks and is expected to become part of an extended future range with the introduction of Mevo at CCP in 2024

#### **MTech**

SigmaRoc has produced an in-house cement-free-carbon-negative concrete with patentable opportunities, in collaboration with Marshalls. The concrete combines carbon-negative materials with an in-house developed cement-free binder which incorporates upcycled waste lime kiln dust from Nordkalk. The patent application will be submitted in 2024 with expected opportunities for use in 2025.

#### **Puccini Blue**

Developed by John Vis (Commercial Director of Carrieres du Hainaut) and Chris Vermorken (Legal and Operational Advisor) with the help of Elisa Frenay (Group Marketing Lead), Puccini Blue is a revolutionary new way to maximise quarry yield by making the fault lines of products a distinctive and highly desirable feature through resin technology. Material that once had to be separated due to natural fault lines and therefore producing less yield, can now be processed to ensure structural integrity of the fault lines to maximise not only the yield, but the aesthetic product offering so desirable to our customers.

#### **Nordkalk Next**

A product offering where at least 33% of the material used is reusable material, own or external, that is not used or is considered waste. Further, 33% of energy used in production is fossil free. This is considered as per energy content.

#### **Nordkalk Complete**

A product offering where 100% of the material used is material, own or external, that is not used or is considered waste. CO<sub>2</sub> neutral scope 1 and scope 2.

### **1.4.4.Sustainable Products**

We are proud to be working in collaboration with a series of partners on the development of products that promote sustainability, such as the EcoTile, that creates spaces within the fabric of our cities and towns in which multiple species can survive and thrive, and where humans can interact and engage safely with nature. Initial trials showed that a multitude of species settled where they were expected to, and in the design features – the multispecies design works.

In 2023, Nordkalk introduced seven innovative, sustainable products and solutions across a diverse range of applications. A brand-new range of fossil-free products was launched in Ignaberga, Sweden, marking a significant step forward in the company's commitment to sustainability. Additionally, more efficient soil improvement products specifically designed for agricultural purposes were developed for the Swedish market. In the construction sector, Nordkalk developed two novel fillers: an ultrafine product aimed at reducing the use of cement and additives in plasters, and another product designed to minimise the bitumen content in roofing materials.

### **1.4.5.Our People and PepTalk**

The way in which companies measure the “S” in ESG or their social impact has a significant effect on the wellbeing of their employees, the wider community and the organisation's stakeholders. The significance of measuring and reporting social risks and impacts is underscored by the presence of social inequalities and the necessity for a transition to a sustainable economy. Prioritising employee wellbeing and the internal culture of organisations is becoming increasingly important in today's society

and are essential metrics for the “S” in the ESG strategy as employee wellbeing is central to an organisation’s social performance.

In 2023 SigmaRoc incorporated PepTalk into its UK ESG strategy to enhance employee engagement and well-being. PepTalk provides a data-led engagement platform to improve psychological safety, enhance employee morale and reduce attrition. The integration of PepTalk aligns with their commitment to enhancing employee wellbeing and contributes to a positive corporate culture.

PepTalk supports our Social Responsibility strategy as follows:

- Employee Wellbeing: providing a safe, inclusive workplace and offering a tool such as PepTalk’s platform and program that can help in delivering regular training and development opportunities to foster professional growth.
- Employee Satisfaction & Feedback: measurement of employee satisfaction and the success of wellbeing initiatives.
- 100% reach: modern technology enables a dispersed team to stay connected through a wide range of content-led program and actions plans that are designed to support team connection and engagement.
- Expert-led Wellbeing and Culture Calendar: rolling wellbeing and culture content calendar, designed in partnership with industry experts and thought leaders that enables employees to perform at their best.
- Team Building Initiatives: customised competitions across wellness and activity designed to drive employee connection and collaboration.
- Behavioural Change Programs: behavioural change programs and interventions for managers and team members to address potential inhibitors to engagement and promote learning and skill building.
- Leadership Tools: supporting managers to work on building psychological safety, trust and authenticity with their teams.

## 1.5. Environment

### 1.5.1. Carbon Emissions

#### 1.5.1.1. Targets & Performance

| Baseline Year | Target Year | Target description                   | Target reduction | Status   |
|---------------|-------------|--------------------------------------|------------------|--|
| 2021          | 2040        | Net zero by 2040                     | 100%             | <b>On Target</b><br><br>7% YoY emissions reduction in 2023<br><br>12% emissions reduction since the 2021 baseline              |
| 2021          | 2038        | All kilns are carbon neutral by 2038 | 100%             | <b>On Target</b><br><br>100% fossil fuel substitution achieved at site<br><br>Carbon capture module installed and commissioned |

|      |      |  |      |  |
|------|------|--|------|--|
| 2021 | 2030 | 2.5% reduction in energy intensity by 2030                   | 2.5% | <b>Achieved</b><br>12% YoY achieved in 2023<br><br>29% overall reduction since the 2021 baseline   |
| 2021 | 2030 | 100% third party energy sourced from renewable means by 2030 |      | <b>On Target</b><br><br>100% of Belgium, Finland and Sweden use alternative / renewable electrical energy<br><br>71% of Group uses alternative / renewable electrical energy |

As we go through the SBTi verification process, the Group will develop defined targets.

The SECR report is conducted in line with 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and covers all operations where we have operational control. The SECR report also includes both mandatory and voluntary reporting to ensure transparent disclosure.

#### GHG Emission metric tonnes CO<sub>2</sub>e

| Year                           | 2021 <sup>1</sup> | 2022    | 2023    |
|--------------------------------|-------------------|---------|---------|
| <b>Total tCO<sub>2</sub>e</b>  | 750,586           | 709,020 | 662,134 |
| <b>Year on Year reduction</b>  |                   | 6%      | 7%      |
| <b>2021 baseline reduction</b> |                   |         | 12%     |

#### GHG emissions intensity

| Year   | 2021 <sup>1</sup> | 2022    | 2023    |
|--|-------------------|---------|---------|
| <b>Total tCO<sub>2</sub>e per £m Revenue</b> | 1,617.6           | 1,317.9 | 1,141.1 |
| <b>Year on Year reduction</b>                |                   | 19%     | 13%     |
| <b>2021 baseline reduction</b>               |                   |         | 29%     |

#### Energy Consumption

| Year                           | 2021 <sup>1</sup> | 2022      | 2023      |
|--------------------------------|-------------------|-----------|-----------|
| <b>Total mWh</b>               | 1,340,619         | 1,258,477 | 1,193,958 |
| <b>Year on Year reduction</b>  |                   | 6%        | 5%        |
| <b>2021 baseline reduction</b> |                   |           | 11%       |

#### Energy Intensity

| Year | 2021 <sup>1</sup> | 2022 | 2023 |
|------|-------------------|------|------|
|------|-------------------|------|------|

|                                 |         |         |         |
|---------------------------------|---------|---------|---------|
| <b>Total mWh per £m Revenue</b> | 2,889.2 | 2,339.2 | 2,057.6 |
| <b>Year on Year reduction</b>   |         | 19%     | 12%     |
| <b>2021 baseline reduction</b>  |         |         | 29%     |

<sup>1</sup> Emissions based on SECR reports including both Mandatory and Voluntary data. To allow like for like comparisons, 2021 data was adjusted for Nordkalk (the North East region) which was reported for a full 12 months in 2021 (despite joining SigmaRoc in September 2021) and 2022 to provide comparable annual emissions for the Group

### 1.5.1.2. Mitigation

The 3 focuses areas for 2023 were:

- Scope 1 - commissioning of the Company's first modular Carbon Capture system
- Scope 2 – improvement of energy use and energy intensity and sourcing of alternative energy
- Scope 3 - continual development of sustainable products

The commissioning of the Company's first modular Carbon Capture system and continual development of sustainable products helping reduce scope 1 and scope 3 emission. The modular plant is now commissioned and able to capture with a purity of 96% through just 2 stages. Subject to finding a commercial outlet for the CO<sub>2</sub>, the Company is in a position to expand the roll out of the system. Whilst Governments and third parties continue to try to develop necessary policies and infrastructure for transport and sequestration of CO<sub>2</sub>, the Company is proactively identifying independent transportation systems that can utilise road and rail as well as internal and external CO<sub>2</sub> uses such as the sequestration of CO<sub>2</sub> into our own concrete products to support Greenbloc and Mevo technology.

The Company has engaged with a series of mandatory and voluntary programmes to focus on the reduction of emissions intensities. These include reporting to CDP as well as submission to SBTi of which we are awaiting the verification process.

Additional initiatives include completion of our ESOS report which is part of the European Energy Directive and the submission of our annual SECR report that looks at both mandatory and voluntary reporting aspects and is a guide to focus areas.

### 1.5.2. Toxic Emissions and Waste

#### 1.5.2.1. Governance and Strategy

Environmental Management Systems (EMS) are key to ensuring management of toxic emissions and waste. Across our businesses, 76% of our businesses (by revenue) have an ISO14001 certified Environmental Management System (EMS) that also include provisions for waste management with no fines being incurred in 2023.

Our EMSs, including our 14001 audited EMS are regularly audited by external auditors as well as additional specialised audits conducted by the likes of MCA and Lloyds Register for aspects such as MARPOL (the International Convention for the Prevention of Pollution from Ships.)

#### 1.5.2.2. Targets & Performance

In terms of air quality, our NO<sub>x</sub> and SO<sub>x</sub> performance has seen a significant step change reduction. This has been achieved through a combination of kiln network balancing and the use of Selective Non Catalytic Reduction (SNCR) systems.

|                 | 2022    | 2023  | YoY Reduction |
|-----------------|---------|-------|---------------|
| NO <sub>x</sub> | 699     | 447   | 36%           |
| SO <sub>x</sub> | 1544.19 | 196.3 | 87%           |

### 1.5.3. Biodiversity and Land Use

### **1.5.3.1. Policy**

SigmaRoc operates a series of policies that include:

- Sustainability Policy
- Environment and Water Policy
- Biodiversity Policy
- Energy and Climate Policy

These include provisions and commitments on sustainably managing natural resources and raw materials, minimising disturbance from operations and reclaiming habitat and disturbed land.

The Board has overall responsibility for the Policies and approves the policies which are then cascaded throughout the business with a formal acknowledgement and training program to be rolled out in 2024 to all employees and contractors as required. These will be monitored and audited quarterly by the Board with a target of 100% compliance for employees in terms of acknowledgement and training.

### **1.5.3.2. Program and Structures**

#### **Restoration and Rehabilitation**

As part of site planning and permits, most government agencies and authorities require restoration plans to be in place. These restoration plans cannot be completed until the operations have come to end of life, however where there is an opportunity, our sites work concurrently to restore areas that are no longer operational.

Despite the Group operating over a large area of approximately 5,287 acres, with 17% having been restored or under restoration restored in line with local authorities and community requirements.

#### **Protection of natural ecosystems**

Even before a point of final restoration, our sites work closely with local authorities, working groups and communities to ensure we maximise not only the preservation of existing ecosystems, but often the generation of further eco-systems to provide a thriving environment for existing species but also previously extinct species. This includes both fauna and flora with success derived through programs such as flora relocation programmes, wildflower programs, Red Bill chough breeding programs, Peregrine falcon nesting programs and great crested newt habitat establishment.

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.

### **1.5.3.3. Biodiversity and Community Impact**

The Company works closely with communities and local authorities to ensure that our ongoing operations and future operations minimise environmental and community impact. Our future works are supported by impact assessments prior to the commencement of work.

Operational considerations not only seek to minimise impact, but also actively enhance biodiversity in surrounding areas.

Before commencing operation of a site, the potential environmental, including bio diversity, 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.



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).

#### **1.5.4. Water management**

Our operations manage over 34,000k m<sup>3</sup> of water per year including fresh water, seasonal snow melt water, rainwater collection and run off.

Of the water managed, 2%, 748k m<sup>3</sup>, is used for operational purposes which is a mix of fresh water, recycled and collected.

Furthermore, 8%, 2.5m m<sup>3</sup>, is allocated to local communities for drinking water purposes.

### **1.6. Social**

#### **1.6.1. Community Relations**

##### **1.6.1.1. Community Impact and Disturbance**

SigmaRoc operates a series of policies that include:

- Sustainability Policy
- Environment and Water Policy
- Biodiversity Policy
- Human Rights and Community policy

These include provisions and commitments to support protected areas, local community engagement approach and impact assessments.

The policies are approved by the Board and cascaded throughout the business with a formal acknowledgement and training program to be rolled out in 2024 to all employees and contractors as required. These will be monitored and audited quarterly by the Board with a target of 100% compliance for employees in terms of acknowledgement and training.

The Company adopts a precautionary approach with formal channels for local community engagement.

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

##### **1.6.1.2. Distribution of Benefits**

The Company promotes a local approach to both procurement and hiring to support local businesses and communities.

A significant majority of our workforce live local to their place of work and the Company engages in community development projects and philanthropic programs to support local communities, be it donations of labour and materials, allocation of land for public access or creation of community activity areas

##### **1.6.1.3. Conflict and Human rights**

SigmaRoc operates a series of policies that include a Human Rights and Community policy.

The policies are approved by the Board and cascaded throughout the business with a formal acknowledgement and training program to be rolled out in 2024 to all employees and contractors as required. These will be monitored and audited quarterly by the Board with a target of 100% compliance for employees in terms of acknowledgement and training.

## **1.6.2. Health & Safety**

### **1.6.2.1. Overview**

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. We are committed ensuring awareness about H&S issues; reducing the number and severity of accidents; preventing occupational disease; promoting wellbeing and preventing exposure to hazardous substances

#### **Principles**

The Group continues to drive its overarching H&S standards which we believe supported the continual improvement in health and safety in 2024.

#### **Core Risks**

The Company continues to focus on its core risks:

- 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 that have improved our control of core risks have been:

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**

We continue focus on front line leadership, with learning and development supported by programs such as NEBOSH and IOSH training for supervisor and front-line management.

Our boots on the ground program has been a significant contributor to our ongoing health and safety success. Front-line leaders are more visible in the business ensuring a continued improvement in the output of not only safety, but also quality and productivity.

## HighVizz

HighVizz continues to be continually developed and integrated into our newly acquired businesses allowing us dynamically to report and manage safety. HighVizz includes 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.

## 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.

### 1.6.2.2. Governance and strategy

69% of the Company's operations are certified to ISO18001/450001. Those that are not, leverage the safety management systems.

In addition to safety management systems, the Group operates its own internal audit function with over 172 internal audits conducted in 2023 across our operations. The audits focus on both systems and sites, with interactive and constructive feedback and actions generated. The audit also monitors the close out of these actions.

### 1.6.2.3. Responsibility

The Board has overall responsibility for Health and Safety with the implementation of the strategy and performance managed by the Group Health & Safety committee that has both Executive Directors, Non-Executive Directors and Executive Committee members as part of the committee. The delivery of the strategy and driving of performance is then the directive of the Group Health & Safety Director

Once the Health & Safety strategy is set by the Board and Group HS Committee, the Executive Committee and Health & Safety Director implement the strategy and drive the performance. Each month the performance is reviewed by the executive management committee in a dedicated meeting and is cascaded wider to ensure that all employees are engaged. Health and safety form a key part of every Board and Executive meeting.

### 1.6.2.4. HS Policy

The Company operates a Group wide Health & Safety Policy that is cascaded and implemented in every business. The Policy applies to any person operating on our sites, including employees, contractors and visitors.

The policy is approved by the Board and cascaded throughout the business with a formal acknowledgement and training program to be rolled out in 2024 to all employees and contractors as required. These will be monitored and audited quarterly by the Board with a target of 100% compliance for employees in terms of acknowledgement and training.

### 1.6.2.5. H&S Targets and Performance

The group is committed to the continuous improvement of health and safety and wellbeing for any person who is on our site, be it an employee, contractor or visitor.

#### Health and Safety Frequency rate improvements

|                                      | 2020 | 2021 | 2022 | 2023 |
|--------------------------------------|------|------|------|------|
| TIFR<br>(contractor ad<br>Employees) | 2%   | 26%  | 17%  | 6%   |
| HIFR<br>contractor ad<br>Employees)  | -9%  | 28%  | 6%   | 17%  |
| SHIFR<br>contractor ad<br>Employees) | 27%  | -29% | 19%  | 31%  |
| LTIFR<br>contractor ad<br>Employees) | 47%  | -31% | 8%   | 25%  |
| Fatalities                           | 0    | 0    | 0    | 0    |

Since the start of all reporting, both employees and contractors have been included in all the statistics. In 2023 contractor and employee statistics were separated to allow greater understanding of where focus should be between contractor and employee.

|           | 2020 | 2021 | 2022 | 2023 |
|-----------|------|------|------|------|
| Silicosis | 0    | 0    | 0    | 0    |

### 1.6.3. Labour Management

Within the Group, as per the business owner at 31 December 2023 the Group employed c.2000 people.

Within the heavy materials industry, diversity continues to be a challenge especially at an operational level with 80% of our workforce being at an operational level. Across the Group 12% of our work force is female, however 42% of our shared services and management is female.

We continue to engage with school leavers and apprentices to ensure there is succession planning and that the knowledge of our long serving employees is retained within the business with our overall age profile as follows:

|       |     |
|-------|-----|
| Age   |     |
| 0-20  | 1%  |
| 21-30 | 11% |
| 31-40 | 20% |
| 41-50 | 26% |

51-60 31%  
 >61 11%

This development of our teams has been supported by >22,000 hours of learning and development that has been delivered during the course of 2023.

In addition to the recruitment of staff to support our growing businesses, we also review employee retention through aspects such as local satisfaction surveys, training, career management plans and performance reviews.

The Group has not experienced any strikes / lockouts within its businesses in the last three years.

**1.6.3.1. Strategy**

Each OPCO is responsible for the recruitment, management, and retention of its employees with remuneration policies being guided by local legislation. Generally, Supervisors and managers have a variable component to their remuneration which is based on a combination of business performance as well as personal performance and operators have a variable component to their remuneration which is usually based on operation and site performance.

Each business complies with its jurisdictional requirements around aspects such as pensions and where applicable / available offers additional non-compensation employee benefits such as life assurance and medical insurance that can often be extended to employees’ families, allowing them access to preferential rates.

**1.7. Governance**

**1.7.1. Corporate Governance**

**1.7.1.1. Board**

In 2023 the Board consisted of Independent Non-Executive Directors (57%) and Executive Directors (43%).

In 2024 the Board is expected consist of Independent Non-Executive Directors (67%) and Executive Directors (33%) subject to formal appointments.

In 2024 the Board is expected to have representation of experts in Finance, Industry and ESG.

In 2024 the Independent Non-Executive Directors are expected to be 33% female subject to formal appointment.

| <b>Committee</b> | <b>Fully Independent</b> | <b>Experts on Committee</b>                          |
|------------------|--------------------------|--|
| Audit            | Yes                      | Finance  |
| Remuneration     | Yes                      | Finance  |
| Nominations      | Yes                      | Finance  |
| Safety           | Part                     | Industry   |
| ESG              | Part                     | Industry<br>ESG <sup>2</sup><br>Finance <sup>3</sup> |

<sup>2</sup> (subject to formal appointments)

<sup>3</sup> (subject to formal appointments)

Expertise is based on both knowledge and competence through aspects such as qualifications and career experience.

### **1.7.1.2. Ownership and Control**

The Group is quoted on the AIM market of the London Stock Exchange with the founding members and other senior management holding shares in the company purchased by themselves in compliance with regulations and governed through approval routes overseen by the CFO.

### **1.7.2. Corporate Behaviour**

#### **1.7.2.1. Business Ethics**

SigmaRoc operates a series of policies that include:

- Anti Bribery & Corruption
- Criminal Finances Act Policy
- Code of conduct
- Competition Compliance
- Whistleblowing
- Disclosure (Share dealing) policy
- Sustainability (ESG) policy
- Environment and Water
- Biodiversity
- Energy and Climate Change
- Health and Safety
- Human Rights and Community
- Anti-Slavery and Human Trafficking
- IT systems and Data
- Data Protection and Security
- Diversity and Inclusion
- Tax
- Board Diversity
- Freedom of Association Policy

These policies are designed to facilitate good governance with the intention of running the business in accordance with good business ethics. Furthermore the policies are approved by the Board and cascaded throughout the business. A formal acknowledgement and training program will be rolled out in 2024 to all employees and contractors as required. These will be monitored and audited quarterly by the Board with a target of 100% compliance for employees in terms of acknowledgement and training.

Day to day management of the Policies is overseen by the Group's Executive Committee.

When engaging suppliers and contractors, the operating businesses can conduct review of their policies to ensure they observe the principles set out in our policies.

### **1.8. 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.
- 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).
- FedBeton: Federation for ready-mixed concrete in Belgium.

Further to these bodies, businesses in the Group also have ISO accreditation or equivalent in:

- **ISO 9001 Quality:** 79% of our business by revenue has ISO 9001
- **ISO 14001 Environment:** 76% of our business by revenue has ISO 14001
- **ISO 18001/45001 Health & Safety:** 69% of our business by revenue has ISO 18001/45001

Benelux has local business and product accreditations that are deemed to have greater relevance than the ISO, for both our customers and end-users.

## 2. Streamlined Energy and Carbon Report (SECR)

### UK 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 Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (“the 2018 Regulations”) that came into force 1 April 2019.

### 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, Channel Islands (‘North West’), Belgium (‘West’) and across 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 require reporting of UK based energy use and emissions.

### Reporting period

The annual reporting period is 1<sup>st</sup> January to 31<sup>st</sup> December each year and the energy and carbon emissions are aligned to this period.

### Quantification and reporting methodology

The data was prepared with reference to the 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). Emissions calculations were based on emission factors published in the 2023 UK Government GHG Conversion Factors for Company Reporting, Statistics Finland Fuel Classification 2023, Swedish Environmental Protection Agency Emission Factors 2022, and the latest available factors from the Association of Issuing Bodies (2022), Jersey Electricity and Guernsey Electricity. The report has been reviewed independently by Briar Consulting Engineers Limited. Electricity and gas consumption were based on invoice records, consumption data and estimation techniques such as the direct comparison and pro-rata extrapolation to complete missing data. Transport usage was calculated from a combination of mileage and fuel records; however, outside the UK and Channel Islands, transport fuel is included with other site fuel usage associated with stationary assets. Gross calorific values were used except for mileage energy calculations as per Government GHG Conversion Factors.

The emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations, then further divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of company activities but occur from sources not owned or controlled by the organisation (scope 3).

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

| Energy type                     | 2022              |                          | 2023              |                          |
|---------------------------------|-------------------|--------------------------|-------------------|--------------------------|
|                                 | UK                | Group Total <sup>1</sup> | UK                | Group Total <sup>1</sup> |
| <b>Mandatory energy:</b>        |                   |                          |                   |                          |
| Gas                             | 362,199           | 208,190,947              | 313,720           | 223,279,896              |
| Purchased electricity           | 7,024,295         | 192,100,497              | 6,774,753         | 178,284,164              |
| Transport fuel & site fuel      | 55,806,376        | 434,579,215              | 51,728,962        | 468,734,219              |
| <b>Total energy (mandatory)</b> | <b>63,192,870</b> | <b>834,870,659</b>       | <b>58,817,435</b> | <b>870,298,279</b>       |
| <b>Voluntary energy:</b>        |                   |                          |                   |                          |
| Bioenergy                       | -                 | 32,094,230               | -                 | 55,245,659               |

|   |                   |                      |                   |                      |
|---|-------------------|----------------------|-------------------|----------------------|
| Coal  | -                 | 387,013,242          | -                 | 264,308,210          |
| Generated electricity <sup>2</sup>              | -                 | 4,499,105            | -                 | 4,105,784            |
| <b>Total energy (voluntary)</b>                 | -                 | <b>423,606,577</b>   | -                 | <b>323,659,653</b>   |
| <b>Total energy (mandatory &amp; voluntary)</b> | <b>63,192,870</b> | <b>1,258,477,236</b> | <b>58,817,435</b> | <b>1,193,957,932</b> |

<sup>1</sup>The Group total includes consumption from the UK, Channel Islands, Belgium, and Nordkalk (Estonia, Finland, Poland, Sweden, and Turkey).

<sup>2</sup>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<sub>2</sub>e):

| Emission source   | 2022          |                          | 2023          |                          |
|---|---------------|--------------------------|---------------|--------------------------|
|   | UK            | Group Total <sup>3</sup> | UK            | Group Total <sup>3</sup> |
| <b>Mandatory requirements:</b>  |               |                          |               |                          |
| <u>Scope 1</u>  |               |                          |               |                          |
| Gas   | 66            | 32,501                   | 57            | 35,102                   |
| Company owned vehicles & site fuel  | 13,859        | 113,712                  | 12,747        | 122,421                  |
| <u>Scope 2</u>  |               |                          |               |                          |
| Purchased electricity (location-based)                                    | 1,358         | 42,771                   | 1,403         | 40,492                   |
| <u>Scope 3</u>  |               |                          |               |                          |
| Category 6: Business travel (grey fleet)                                  | 88            | 311                      | 89            | 324                      |
| <b>Total gross emissions (mandatory)</b>                                  | <b>15,371</b> | <b>189,295</b>           | <b>14,296</b> | <b>198,339</b>           |
| <b>Voluntary requirements:</b>  |               |                          |               |                          |
| <u>Scope 1</u>  |               |                          |               |                          |
| Bioenergy (CH <sub>4</sub> & N <sub>2</sub> O)                            | -             | 2                        | -             | 3                        |
| Coal  | -             | 131,205                  | -             | 85,502                   |
| Process related emissions   | -             | 388,517                  | -             | 378,290                  |
| <u>Scope 2</u>  |               |                          |               |                          |
| Purchased electricity (market-based)                                      | -             | -                        | -             | 0                        |
| <b>Total gross emissions (voluntary)</b>                                  | -             | <b>519,724</b>           | -             | <b>463,795</b>           |
| <b>Total gross emissions (mandatory &amp; voluntary – location-based)</b> | <b>15,371</b> | <b>709,019</b>           | <b>14,296</b> | <b>662,134</b>           |
| <u>Outside of Scopes (biofuel tCO<sub>2</sub>)</u>                        |               |                          |               |                          |
| Bioenergy   | -             | 11,013                   | -             | 19,038                   |
| Petrol/Diesel biofuel content   | 223           | 239                      | 304           | 323                      |

<sup>3</sup> The Group total includes emissions from the UK, Channel Islands, Belgium, and Nordkalk (Estonia, Finland, Poland, Sweden, and Turkey).

| Intensity ratios   | 2022  |       | 2023  |       |
|--|-------|-------|-------|-------|
| <u>Tonnes CO<sub>2</sub>e per million-pound turnover</u> |       |       |       |       |
| Mandatory emissions only                                 | 142.3 | 351.9 | 132.4 | 341.8 |



|                                 |       |         |       |         |
|---------------------------------|-------|---------|-------|---------|
| Mandatory & voluntary emissions | 142.3 | 1,317.9 | 132.4 | 1,141.1 |
|---------------------------------|-------|---------|-------|---------|

#### Breakdown of emissions across the Group by region for 2023 only (tCO<sub>2</sub>e)<sup>4</sup>

| Emission source                                | 2023          |               |                |                |
|--|---------------|---------------|----------------|----------------|
|  | North West    | West          | North East     | Total          |
| <u>Scope 1</u>                                 |               |               |                |                |
| Bioenergy (CH <sub>4</sub> & N <sub>2</sub> O) | -             | -             | 3              | 3              |
| Coal   | -             | 95            | 85,407         | 85,502         |
| Gas  | 57            | 60            | 34,985         | 35,102         |
| Company owned vehicles & site fuel             | 16,824        | 11,699        | 93,897         | 122,421        |
| Process related emissions                      | -             | -             | 378,290        | 378,290        |
| <u>Scope 2</u>                                 |               |               |                |                |
| Purchased electricity (location-based)         | 1,532         | 1,808         | 37,152         | 40,492         |
| <u>Scope 3</u>                                 |               |               |                |                |
| Category 6: Business travel (grey fleet only)  | 112           | -             | 212            | 324            |
| <b>Total gross emissions (location-based)</b>  | <b>18,525</b> | <b>13,662</b> | <b>629,946</b> | <b>662,134</b> |
| <u>Outside of scopes</u>                       |               |               |                |                |
| Bioenergy (CO <sub>2</sub> )                   | -             | -             | 19,038         | 19,038         |
| Petrol/diesel biofuel content                  | 323           | -             | -              | 323            |
| <u>Intensity ratios</u>                        |               |               |                |                |
| tCO <sub>2</sub> e per million-pound turnover  | 130.7         | 138.1         | 1,855.1        | 1,141.1        |

<sup>4</sup>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<sub>2</sub>e 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 in the North East have seen a 7.5% (51,005 tCO<sub>2</sub>e) decrease in 2023 compared to 2022. A large share of this decrease is due to the further transition away from coal to alternative fuel sources such as recycled fuel oil and biomass.

In St John, Jersey, a new solar PV array was commissioned in April 2023. This investment by Jersey Electric will benefit Ronez by saving approximately 57 MWh each year. Ronez has continued to experiment with low temperature asphalt by switching to Nytherm during the reporting period to reduce gas oil usage by approximately 55,500 litres. Furthermore, the addition of 3 EV's to the company fleet (including 2 plug-in hybrids) will reduce diesel and petrol consumption and therefore reduce emissions associated with transport. At Carrières du Hainaut, there was an extension of the existing photovoltaic park by increasing the existing surface area by approximately 57%. This installation aims to send 62% of the electricity generated to the Carrières site for self-consumption, with the surplus sent into the

ORES public network. The project includes the installation of a total power of 1,999,215 kWp from a total of 2,889 panels. Gross UK emissions have decreased by 7.0 % (1,075 tCO<sub>2</sub>e) in 2023. This is largely due to the significant reduction in emissions by company owned vehicles and site fuel (1,112 tCO<sub>2</sub>e) across sites within the UK. In particular, kerosene consumption at Bolton Hill Quarry decreased by 1.78 GWh (442.3 tCO<sub>2</sub>e) in 2023, contributing to nearly half of the decrease in company vehicle and site fuel emissions.

### **3. TCFD Report**

The Board has noted the new requirement for mandatory climate-related disclosures arising from the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022. Consequently, we provide disclosures aligned with the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) in this Annual Report for the year ended 31 December 2023. This report is based on the TCFD recommendations and recommended disclosures as detailed in Recommendations of the Task Force on Climate-related Financial Disclosures (2017), considering the additional guidance set out in the TCFD 2021 Annex, 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures'.

We recognise that climate change presents both material risks and opportunities to our business and sector. Accordingly, the following report covers the Group's well-established governance of climate change issues, its integration into our overall risk management processes, our strategies for managing climate-related risks and opportunities, and relevant metrics used to measure progress towards our climate targets. We have prepared this report with the support of external sustainability consultants, CEN-ESG, who have enhanced the analysis of our exposure to natural hazards with a detailed bottom-up site analysis using a geospatial climate hazard mapping tool.

This report is based on the structures and operations in place on 31 December 2023. Given the agreement with CRH plc to acquire its European lime operations, we have decided that any detailed quantification of our key climate-related risks and opportunities will be published in next year's annual report to accommodate the significant transformation to the business from the acquisition.

## **Governance**

### ***Board Level***

At SigmaRoc, climate-related governance has been well-integrated for several years. The Board has overall responsibility for sustainability issues including climate-related matters, and effective management of climate-related risks and opportunities as with all matters of Group strategy. The Board meets quarterly, and ESG, including climate-change, is a standing agenda item at all these meetings, with updates on climate-related issues presented by the Chief Technical Officer (CTO) who sits as a permanent guest at board meetings. Additionally, the Board considers climate-related issues, especially CO<sub>2</sub> emissions, when reviewing and guiding strategy, major plans of action, policies, annual budgets, and business plans as well as setting the organisation's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestiture. The Board is supported by committees including the Audit Committee, which assists in monitoring ESG performance and climate-related risks.

In 2023, the development of science-based targets and the Road Map to Net Zero has been a particular focus of Board meetings, and now drives the management of climate-related risks and opportunities through review of carbon emissions. The Board is responsible for approving TCFD disclosures and is also responsible for reviewing and signing off the risk register, including risks related to the environment and climate change. The Board does not currently receive formal training from third parties on climate-related issues, but receives information provided by the CTO and other members of the Group when required.

To ensure appropriate visibility over climate change is maintained as operations continue to expand, in 2024 SigmaRoc will seek to appoint a new non-executive director with a strong background in ESG and climate change.

Furthermore, a dedicated ESG Committee has been formed, including Independent Board and Executive Board members and the CTO, who will meet throughout the year when the quarterly ESG & Climate Change Working Group Report will be presented.

### **Management level**

At the direction of the Board, the Chief Technical Officer is assigned responsibility to assess, monitor and manage climate-related risks and opportunities alongside Group-level risk management. The Executive Committee meets monthly and the CTO is responsible for updating the Committee on climate-related issues and other ESG initiatives. The CTO is informed via ongoing dialogue with the managing directors from each of the business units, who monitor and report on general risks, strategic projects and operations, including climate-related issues, as necessary.

Each business unit is also responsible for monitoring and feeding back the key aspects to be reported as defined by permits, legislation and frameworks. Data collection and monitoring is done through online process control systems, purchase orders, consumption meters etc. This includes statutory (e.g NOx and SOx), and non-statutory aspects such as land, power and water use. The data is collated through group wide tools such as OneClick LCA.

Following the recent agreement to acquire CRH's European lime business, SigmaRoc is currently recruiting a Group Sustainability Manager who will be responsible for collating climate and ESG data, monitoring performance, overseeing climate-related projects, and educating across the Group on climate-related issues. The Group Sustainability Manager will also create and lead an ESG & Climate Change Working Group with representatives across all operational regions, who will meet quarterly to review progress across the Group, and subsequently prepare and provide quarterly updates and reports to the Board and ESG Committee.

### **Risk Management**

Climate-related risks are integrated into SigmaRoc's risk management processes and are considered as part of the overall Group risk management processes. The risk assessment considered existing and emerging risks and all risk categories outlined in the TCFD recommendations in relation to all of SigmaRoc's operations as of 31 December 2023. Climate-related risks and opportunities were also considered across upstream and downstream supply chains.

Climate-related risk identification is performed both bottom-up, through a detailed assessment of risks affecting each individual site, and top-down, through a high-level assessment of strategic, transition and market risks pertinent to the Group and its sector. Additionally, risks are identified through discussion and engagement with primary investors, peer review and through a cross-functional process led by the CTO taking into account internal stakeholders such as H&S, ESG, Estates and the General Counsel.

Site-level environmental risks, including climate change risks, are identified as part of operational risk assessments. These are conducted at a plant level and reviewed, assessed and monitored by regional Environmental and Industrial Direct teams. This year, the Group enhanced its site-level assessment of both chronic and acute physical climate-related risks using geospatial modelling software, which has provided greater detail and specificity for each individual site in the Group's portfolio. Where material risks are identified, risk assessments are reviewed at divisional and Group level. Once identified, climate-related risks and opportunities are assessed and scored according to their likelihood and impact, in order to assess their relative magnitude relative to other risks. Impact is assessed based on quantitative and qualitative or reputational and financial risk according to the standard risk management thresholds. Likelihood is assessed based on the following thresholds:

|          | <b>Likelihood</b> |   |
|----------|-------------------|---|
| <b>1</b> | Remote            | Occurrence less frequently than once in 5 years |
| <b>2</b> | Probable          | Occurrence within 5 years                       |
| <b>3</b> | Frequent          | Occurrence within one year or more frequently   |

Climate-related risks and opportunities were assessed against the following time horizons:

|                    | From (years) | To (years)      | Rationale  |
|--------------------|--------------|-----------------|--|
| <b>Short-term</b>  | 2022         | 2024            | In line with strategic cycles (noting 2023 is year 2)                          |
| <b>Medium-term</b> | 2025         | 2030            | In line with medium-term time horizons followed by peers                       |
| <b>Long-term</b>   | 2031         | 2040 and beyond | In line with the Road Map to Net Zero and the UK's Net Zero by 2050 ambitions. |

The following three climate-related scenarios were examined, looking forward out to 2100, to identify and assess physical climate-related risks.

- **RCP 2.6:** a climate-positive pathway, likely to keep global temperature rise below 2 °C by 2100. CO<sub>2</sub> emissions start declining by 2020 and go to zero by 2100.
- **RCP 4.5:** an intermediate and probably baseline scenario more likely than not to result in global temperature rise between 2 °C and 3 °C, by 2100 with a mean sea level rise 35% higher than that of RCP 2.6. Many plant and animal species will be unable to adapt to the effects of RCP 4.5 and higher RCPs. Emissions peak around 2040, then decline.
- **RCP 8.5:** a bad case scenario where global temperatures rise between 4.1-4.8°C by 2100. This scenario is included for its extreme impacts on physical climate risks as the global response to mitigating climate change is limited.

The following two climate-related scenarios were examined, looking forward out to 2050, to identify and assess the behaviour of transition risks and opportunities.

- **Net Zero 2050 (NZE):** an ambitious scenario which sets out a narrow but achievable pathway for the global energy sector to achieve net zero CO<sub>2</sub> emissions by 2050. This meets the TCFD requirement of using a “below 2°C” scenario and is included as it informs the decarbonisation pathways used by the Science Based Targets initiative (SBTi), which validates corporate net zero targets and ambition.
- **Stated Policies Scenario (STEPS):** a scenario which represents the roll forward of already announced policy measures. This scenario outlines a combination of physical and transitions risk impacts as temperatures rise by around 2.5°C by 2100 from pre-industrial levels, with a 50% probability. This scenario is included as it represents a base case pathway with a trajectory implied by today’s policy settings.

Over 2024 SigmaRoc will be restructuring the business in order to integrate appropriately the newly acquired sites into the risk management process. Once appointed, the Group Sustainability Manager will collect data relating to environmental and climate-related risks as part of the quarterly review, maintain a central register and prepare a suite of reports to be reviewed by the Group ESG committee.

## Strategy

Having assessed the climate-related hazards affecting the entire estate, SigmaRoc’s overall exposure to physical climate-related risks is considered to be low. By contrast, as a supplier of both low and high grade materials for use in construction, agriculture, environmental and industrial applications, SigmaRoc’s exposure to transition risks may be greater due to developing environmental regulation and stakeholder expectations in Europe. Nevertheless, given the longstanding work to identify and mitigate climate impacts on the Group, the strategy is considered to be resilient to climate risks and opportunities. As detailed against each risk, SigmaRoc is working to decarbonise its operations through energy efficiency, transition to renewable electricity, the development of carbon capture mechanisms and via strategic collaboration to minimise exposure such that any strategic and financial impacts from climate change are limited. Moreover, SigmaRoc considers itself at the forefront of the green transition by providing the materials that are essential to the green economy and will be enhancing its strategy to capitalise on these opportunities in the coming years.

## Key Risks

Five key-climate related risks that could have a financial impact on the Group have been identified.

| Risk                               | 1. Disruption due to fluvial and coastal flooding  | 2. Carbon pricing within operations   | 3. Carbon pricing in value chain                                      | 4. Operational decarbonisation  | 5. Failure to meet/maintain expected ESG credentials   |
|------------------------------------|--|---|---|---|--|
| Type                               | Physical (Chronic and Acute)   | Transition (Current and Emerging Regulation)                                | Transition (Current and Emerging Regulation)                          | Transition (Technology)   | Transition (Reputation)  |
| Area                               | Own Operations   | Own Operations  | Downstream  | Own Operations  | Own Operations   |
| Primary potential financial impact | Loss of revenue due to operational disruption  | Higher costs associated with energy and other inputs                        | Higher costs associated with carbon tax on Scope 3 emissions          | Increased capex, increased operating costs  | Increased cost of capital, loss of investment  |
| Time horizon                       | Long   | Medium  | Medium  | Short/Medium  | Short/Medium   |
| Likelihood                         | Medium   | High  | High  | Medium  | High   |
| Location or service most impacted  | River Flood: Site specific, risk identified at 7 sites across operations.<br><br>Sea level rise: Site specific, risk identified at 8 sites across operations.          | Group   | Group   | Group   | Group  |
| Metrics                            | <ul style="list-style-type: none"> <li>- Number of flooding incidents</li> <li>- Days lost due to flooding incidents</li> <li>- Costs of flooding incidents</li> </ul> | <ul style="list-style-type: none"> <li>- Scope 1&amp;2 emissions</li> </ul> | <ul style="list-style-type: none"> <li>- Scope 3 emissions</li> </ul> | <ul style="list-style-type: none"> <li>- CO2 intensity</li> <li>- Energy Intensity</li> <li>- Total energy consumption</li> <li>- % alternative energy consumption (including renewables &amp; Biofuels)</li> </ul> | <ul style="list-style-type: none"> <li>- External ESG scores</li> <li>- Share Price</li> </ul> |

## 1. Disruption due to fluvial or coastal flooding

Following an assessment of climate-related hazards affecting the Group's portfolio, flood risk exposure from rivers and sea level rise was identified for several sites.

While 92% of the portfolio is at minimal risk of river flooding, 7 sites are currently in the highest flood risk zone and will remain in this risk bracket under all future scenarios and time horizons. Flooding is likely SigmaRoc's most material physical risk at present due to its potential to destabilise assets.

Sea level rise is a growing risk, with 7 sites at medium or high risk under RCP 2.6 and 4.5. Under a severe RCP 8.5 scenario, 7 of these sites would be exposed to high risk, with the final site exposed to extreme risk.

### ***Mitigation***

Mitigation of hydrological risks in some operations is already business as usual. Whereas some sites naturally drain and consequently remain dry, others require periodic de-watering. Historically the Group has found that water logging does not tend to stop operations altogether at an affected quarry, as work can be diverted to a different area of the quarry whilst groundwater is pumped away.

Even in the event of downtime at a particular quarry, SigmaRoc has the capacity to rebalance activities across the network and therefore recoup any costs lost, admitting some transfer costs. Redundancy in stock is maintained across quarries, which could also remediate any downtime losses. All sites exposed to a medium/high risk of sea level rise are able to divert resources to alternative sites in the event of a storm surge event. None of the sites identified as being at risk of river flooding are material in terms of financial risk.

In addition, the geospatial analysis only models regional flood defences at a handful of countries, so SigmaRoc's risk exposure may be lower than indicated due to flood and storm defences that have not been accounted for. Further, sea level rise is likely only to materialise in the very long term and could therefore fall outside reasonable business planning horizons.

## **2. Carbon pricing within operations**

The scope of carbon pricing (applied directly or indirectly) is expected to expand over the medium term, and the price of carbon is expected to rise. SigmaRoc is already exposed to the EU Emissions Trading Scheme (ETS), although does not fall under the Carbon Border Adjustment Mechanism (CBAM) so the loss of free allocation by 2035 is less substantial than in other adjacent sectors, namely cement.

Given the nature of the sector, SigmaRoc is a large emitter with greater limitations on its ability to decarbonise, especially in scope 3 emissions given its supply to customers with high emissions. Some operations will be particularly challenging to decarbonise, while machinery can be replaced with more efficient and cleaner models, substantial emissions (approximately 70-80%) arise from the chemical reactions within kilns.

### ***Mitigation***

SigmaRoc is focused on the transition from fossil fuels to fossil free energy and biofuel, and improvements in operational efficiency such as efforts to reduce machinery idle time. The Group continues to install renewable energy capacity on site, upgrade its vehicle fleet, conduct heat and power loss reviews of large assets, expand carbon capture, utilisation and storage (CCUS) infrastructure, and purchase PPAs. Capital expenditure to decarbonise operations, including the replacement of higher-emitting machinery, is largely covered by business-as-usual expenditure.

In addition, SigmaRoc is able to pass on costs related to ETS credits through to customers in contracts. Addressing the challenge posed by chemical reactions in kilns is an ongoing challenge requiring further research and development. In the meantime, costs related to kilns can be passed through to customers in circumstances where sites are cohabited with customers.

## **3. Carbon pricing within value chain**

European carbon pricing policies may lead to higher operational costs for shipping, impacting distribution networks. Moreover, there is a concern that customers might be incentivised to procure materials from quarries located in less regulated jurisdictions, where carbon pricing is less stringent, potentially putting European suppliers at a competitive disadvantage.

### ***Mitigation***

SigmaRoc leverages the cohabitation of sites with customers to ensure more sustainable distribution practices. By strategically locating sites near key customers, the Group reduces the need for extensive shipping, mitigating the impact of carbon pricing on transportation.

The Group can also avail itself to alternative transportation methods, particularly road, rail and sea transportation, depending on the overall cost.

#### 4. Operational decarbonisation

SigmaRoc's decarbonisation ambitions face a hurdle in potential localised grid capacity constraints, which may impede the electrification of operations. This may increase operating costs if reliance on pricier fuels, subject to carbon levies, becomes necessary or cannot be phased out sufficiently quickly.

Additionally, the transition of machinery to electricity or biofuel carries the inherent risk of upfront costs. While these costs are strategically integrated into business-as-usual activities, they remain a critical aspect of natural machinery churn. There may however be limits on the availability of funding for such a transition, and potential constraints on the availability of such technology. More significantly, the development of carbon capture, utilisation and storage (CCUS) capabilities on the estate poses a distinct risk given that CCUS investments do not align with routine equipment churn and require a focused financial strategy. Development of CCUS capabilities will also depend on third parties.

##### **Mitigation**

Mitigation involves investment in on-site renewable electricity capacity installation, and planned adaptation of machinery to ensure gradual shift minimising financial strain.

#### 5. Failure to meet/maintain expected ESG credentials

There is a risk that failure to meet non-financial reporting expectations could lead to reduced access to capital and potential divestment. Further, failure to maintain customer expectations on sustainability performance could lead to loss of business and reputational damage, ultimately leading to lower revenue and difficulty winning new business.

##### **Mitigation**

Mitigation would largely involve continually improving sustainability reporting, improving sustainability engagement with stakeholders and increasing focus on sustainability. This may involve costs related to the application of additional internal sustainability resources, additional reporting and data management resource and systems. There may also be additional costs related to use of external sustainability consultants to assist in the Group's reporting and regulatory obligations.

##### **Key Opportunities**

Four key climate-related financial opportunities that could have a financial impact on the Group have been identified:

| Opportunity                               | 1. Improved Operational efficiency  | 2. Transition to green electricity   | 3. Increased market share in products aiding the transition to a green economy                             | 4. Resilience through innovation  |
|---|---|--|--|---|
| <b>Type</b>                               | Resource Efficiency   | Energy Source  | Markets  | Resilience  |
| <b>Primary potential financial impact</b> | Reduced operating costs   | Reduced operating costs  | Increased sales  | Reduced operating costs   |
| <b>Time horizon</b>                       | Short/Medium  | Medium   | Medium   | Medium  |
| <b>Likelihood</b>                         | High  | High   | High   | Medium  |
| <b>Location or service most impacted</b>  | Global  | Global   | Global   | Global  |
| <b>Metrics</b>                            | <ul style="list-style-type: none"> <li>- Energy intensity</li> <li>- Resource efficiency</li> </ul> | <ul style="list-style-type: none"> <li>- Energy intensity</li> <li>- % renewable energy consumption</li> </ul> | <ul style="list-style-type: none"> <li>- % of products that can be manufactured through "green"</li> </ul> | <ul style="list-style-type: none"> <li>- New products to market</li> <li>- Innovation spend including R&amp;D and technology</li> </ul> |

|  |  |  |   |   |
|--|--|--|---|---|
|  |  |  | processes (e.g. use of cement alternatives in Greenblock range) | gy such as MEVO - FTE hours dedicated to innovation |
|--|--|--|---|---|

## 1. Improved operational efficiency

Reducing energy consumption through a programme of efficiency and carbon reduction initiatives may decrease operating costs, increase operating margins and mitigate against the cost of future carbon pricing.

Operational efficiency improvements have already been introduced across the Group and continue to be implemented both through dedicated programmes and business-as-usual activities. Examples include:

- Metering and monitoring of fuel and electricity consumption;
- Limiting machinery idling – through software analysis and optimisation of shift patterns;
- Switching to more efficient fuels, such as the transition from coal and oil to biofuel and recycled fuel in the North East region;
- Electrification – such as the replacement of diesel-powered water pumps and forklifts with electric alternatives;
- Intensity innovations – such as trials of low temperature asphalt;
- Efficiency upgrades of machinery;
- Consolidation of operations to improve efficiencies.

### ***Strategy to capitalise***

SigmaRoc is targeting energy intensity reductions of 2.5% by 2030 from a 2021 base year, for 100% of all manufactured products to utilise waste/recycled materials by 2025, and for 100% utilisation of all production materials by 2027. These targets are in excess of operational efficiency improvements that will be made as part of business-as-usual activities, such as the upgrade of machinery at the end of its lifespan to more efficient models. Efficiency improvements will increasingly be aided by technological advancements in the future.

## 2. Transition to green electricity

Transition to green electricity, both through purchase of renewable grid electricity and through generation of renewable electricity onsite, presents another opportunity to reduce operating costs, especially as renewable electricity becomes increasingly inexpensive. Renewable energy installations will have the additional benefit of reducing the Group's dependence on the electricity grid, thereby providing some comfort from any future energy price fluctuations and reducing any exposure to carbon pricing mechanisms.

### ***Strategy to capitalise***

SigmaRoc has published targets for 100% of third-party energy to be sourced from renewable sources by 2030. As part of the target, the Group is currently reviewing site and virtual power purchase agreements (PPAs) across each business, and businesses will continue to expand renewable generation. The Group has an established programme of wind and solar installations to generate renewable electricity, including existing solar photovoltaic capacity at Soignies and installations at Miedzianka and Wolica (Poland) and Dimension Stone (West) during 2022. Wind turbines have been installed at Soignies, and a successful feasibility study was undertaken for windmill construction at the Dimension Stone (West) site.

## 3. Increased market share in products aiding the transition to a green economy

SigmaRoc is well-placed to capitalise on the net-zero transition. Lime is a key resource for the green transition, with various applications such as for the production and recycling of lithium batteries, decarbonisation of construction and as natural carbon sinks. Additionally, SigmaRoc has developed a



range of low-carbon products, namely Greenbloc low-carbon concrete. By replacing 100% of cement with alternative materials, Greenbloc products have substantially reduced curing times which reduce energy consumption and carbon emissions. Similarly, SigmaRoc is currently developing concrete blocks that sequester and permanently store waste CO<sub>2</sub>.

Development of such product ranges may increase access to new clients and markets, as the demand for climate-friendly construction materials grows. This opportunity may be expected to manifest in the medium-term, although it depends on the extent to which national regulations keep pace with the green transition.

#### ***Strategy to capitalise***

Continue to focus on expanding market-share of low-carbon products. Align offerings with evolving climate-friendly construction demands, with medium-term impact contingent on regulatory advancements.

### **4. Resilience through innovation**

Overall there is a significant opportunity for the Group to continue to trial innovations in order to build and maintain climate resilience. The specific financial impacts will vary depending on the nature and outcomes of the trial, for example renewable energy programmes may help to reduce operational costs and thereby increase operating margins, whereas product-related trials may identify new product lines that may generate additional revenue.

#### ***Strategy to capitalise***

Continue to target cost reduction and revenue generation through innovation trials and renewable energy initiatives. The Group anticipates that the return on investment in alignment of new and existing operations to new and more efficient machinery will be short. Additionally, as a Group comprised of many small business units, SigmaRoc can be more dynamic and reactive than peers.

#### ***Metrics & Targets***

SigmaRoc currently reports mandatory energy consumption, scope 1, scope 2 and Business Travel emissions for its UK-based operations as required under UK SECR regulation, alongside voluntary energy consumption and scope 1 emissions across its European operations in excess of SECR requirements. As part of the SBTi submission, SigmaRoc has also undertaken efforts to estimate its scope 3 footprint, establishing a team responsible for collecting and monitoring emissions data going forward. Reporting of scope 3 emissions is expected to become more comprehensive as greater confidence in data is achieved.

The specific metrics used to monitor each of the climate-related risk and opportunities are noted in the relevant tables above. In addition, SigmaRoc reports against industry-specific SASB metrics including air emissions, water consumption and biodiversity impacts, as well as additional metrics to satisfy MSCI and other ESG rating agency requirements.

As SigmaRoc is exposed to the European Union's Emissions Trading Scheme, additional internal carbon prices are not applied. However, this will remain under review and the use of internal prices in the coming years will be considered as necessary.

In 2021, SigmaRoc launched its Road Map to Net Zero, committing the Group to achieving Net Zero across its operations (Scope 1 & 2) by 2040, through the following:

- 2025 - All concrete products available in low carbon and ultra-low carbon
- 2025 - Carbon Capture Storage and utilisation trial plant operational
- 2025 - 100% of all manufactured products can utilise waste/recycled materials (Where industry specifications allow for it)
- 2027 - 100% utilisation of all production materials
- 2030 - Alternative fuels used mobile equipment
- 2030 - 2.5% reduction in energy intensity compared to the 2021 baseline
- 2030 - 100% third party energy sourced from renewable means
- 2032 - Alternative fuels used fixed equipment (e.g. lime and asphalt)
- 2038 - All kilns are carbon neutral

In 2023, SigmaRoc submitted its net zero (Scope 1 and 2) by 2040 target to the SBTi, which is currently under review by SBTi.

Delivery of the Road Map to Net Zero was a corporate objective linked to executive remuneration in 2022, and inclusion of climate-related metrics within the remuneration approach going forward will be established for 2024.

## DIRECTORS' REPORT

The Directors present their report, together with the audited Financial Statements, for the year ended 31 December 2023.

### 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.

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 2023, the Group's underlying profit before tax was £71.2 million (2022: £62.7 million) while total profit before tax was £28 million (2022: £42.7 million) and underlying profit after tax was £58.8 million (2022: £53.6 million) while total profit after tax was £16.7 million (2022: £33.6 million). Recognising the Group's strategy and current position on its journey, the Directors are not proposing to adopt a dividend policy yet, however this will be reviewed once the Group's Covenant Leverage is below 1.5x.

### 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   | Independent Non-Executive Director |

### Directors & Directors' interests

The Directors who served during the year ended 31 December 2023 are shown below and had, at that time, the following beneficial interests in the shares of the Company:

|                | 31 December 2023 |            | 31 December 2022 |            |
|----------------|------------------|------------|------------------|------------|
|                | Ordinary Shares  | Options    | Ordinary Shares  | Options    |
| Max Vermorken  | 827,034          | 11,807,349 | 759,231          | 11,807,349 |
| David Barrett  | 3,434,180        | 5,638,674  | 3,053,439        | 5,638,674  |
| Garth Palmer   | 671,776          | 3,326,014  | 616,146          | 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 17 March 2024, other than the Directors, the interests of Shareholders holding three per cent or more of the issued share capital of the Company were as shown in the table below:

| Shareholder                         | Shares held | Percentage of holdings |
|-------------------------------------|-------------|------------------------|
| CRH plc                             | 171,578,948 | 15.39%                 |
| Blackrock                           | 74,560,450  | 6.69%                  |
| Lombard Odier                       | 54,355,474  | 4.88%                  |
| Rettig Group                        | 50,276,521  | 4.51%                  |
| Conversant Capital                  | 47,371,995  | 4.25%                  |
| Janus Henderson Investors           | 46,350,185  | 4.16%                  |
| BGF                                 | 46,105,973  | 4.14%                  |
| Slater Investments                  | 40,597,422  | 3.64%                  |
| Canaccord Genuity Wealth Management | 35,780,263  | 3.21%                  |
| Chelverton Asset Management         | 35,000,000  | 3.14%                  |

### Inheritance tax

Shares in AIM quoted 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 12 April 2024 at 12.30pm. 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](http://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 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 2024. 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 require a dedicated team effort involving the active participation of all employees. A comprehensive 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.

***Going concern***

The Group meets its day-to-day working capital and other funding requirements through cash and banking facilities, which were renewed in November 2023.

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.

### **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 2023, the Company had an average of 53 days (2022: 54 days) purchases outstanding in trade payables and the Group had an average of 62 days (2022: 58 days).

### **Future developments**

Details of future developments for the Group are disclosed in the Chairman's Statement and the CEO's Strategic Report.

### **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 17 March 2024.

Garth Palmer

## **CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

|                             |             | Year ended 31 December 2023 |   |                | Year ended 31 December 2022 |   |                |
|-----------------------------|-------------|-----------------------------|---|----------------|-----------------------------|---|----------------|
|                             |             | Underlying<br>£'000         | Non-<br>underlying*<br>(Note 11)<br>£'000 | Total<br>£'000 | Underlying<br>£'000         | Non-<br>underlying*<br>(Note 11)<br>£'000 | Total<br>£'000 |
| <b>Continued operations</b> | <b>Note</b> |                             |   |                |                             |   |                |
| Revenue                     | 7           | 580,285                     | -   | 580,285        | 537,993                     | -   | 537,993        |
| Cost of sales               | 8           | (441,076)                   | -   | (441,076)      | (422,056)                   | -   | (422,056)      |
| <b>Gross profit</b>         |             | <b>139,209</b>              | <b>-</b>                                  | <b>139,209</b> | <b>115,937</b>              | <b>-</b>                                  | <b>115,937</b> |
| Administrative expenses     | 8           | (55,354)                    | (43,099)                                  | (98,453)       | (46,144)                    | (19,126)                                  | (65,270)       |

|   |    |               |                 |               |               |                 |               |
|---|----|---------------|-----------------|---------------|---------------|-----------------|---------------|
| <b>Profit from operations</b>   |    | <b>83,855</b> | <b>(43,099)</b> | <b>40,756</b> | <b>69,793</b> | <b>(19,126)</b> | <b>50,667</b> |
| Net finance (expense)/income  | 12 | (14,336)      | (1,528)         | (15,864)      | (8,910)       | (1,528)         | (10,438)      |
| Other net gains / (losses)  | 13 | 1,694         | 1,411           | 3,105         | 1,853         | 641             | 2,494         |
| <b>Profit/(loss) before tax</b>   |    | <b>71,213</b> | <b>(43,216)</b> | <b>27,997</b> | <b>62,736</b> | <b>(20,013)</b> | <b>42,723</b> |
| Tax expense   | 14 | (12,428)      | 1,149           | (11,279)      | (9,142)       | -               | (9,142)       |
| <b>Profit/(loss)</b>  |    | <b>58,785</b> | <b>(42,067)</b> | <b>16,718</b> | <b>53,594</b> | <b>(20,013)</b> | <b>33,581</b> |
| <b>Profit/(loss) attributable to:</b>   |    |               |                 |               |               |                 |               |
| Owners of the parent  |    | 55,601        | (42,067)        | 13,534        | 51,251        | (20,013)        | 31,238        |
| Non-controlling interest  | 31 | 3,184         | -               | 3,184         | 2,343         | -               | 2,343         |
|   |    | <b>58,785</b> | <b>(42,067)</b> | <b>16,718</b> | <b>53,594</b> | <b>(20,013)</b> | <b>33,581</b> |
| <b>Basic earnings per share attributable to owners of the parent (expressed in pence per share)</b>   | 32 | <b>8.12</b>   | <b>(6.14)</b>   | <b>1.98</b>   | <b>8.03</b>   | <b>(3.14)</b>   | <b>4.89</b>   |
| <b>Diluted earnings per share attributable to owners of the parent (expressed in pence per share)</b> | 32 | <b>7.79</b>   | <b>(5.89)</b>   | <b>1.90</b>   | <b>7.68</b>   | <b>(3.00)</b>   | <b>4.68</b>   |

\* 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.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

|  | Year ended<br>31 December<br>2023 | Year ended<br>31 December<br>2022 |
|--|-----------------------------------|-----------------------------------|
| Note   | £'000                             | £'000                             |
| Profit/(loss) for the year                                       | <b>16,718</b>                     | 33,581                            |
| <b>Other comprehensive income:</b>                               |                                   |                                   |
| <b>Items that will or may be reclassified to profit or loss:</b> |                                   |                                   |
| FX translation reserve   | (3,223)                           | 17,735                            |
| Cash flow hedges – effective portion of changes in fair value    | (5,468)                           | 3,432                             |
| Remeasurement of the net defined benefits liability              | (38)                              | 202                               |
| <b>Other comprehensive income, net of tax</b>                    | <b>(8,729)</b>                    | <b>21,369</b>                     |
| <b>Total comprehensive income</b>                                | <b>7,989</b>                      | <b>54,950</b>                     |
| <b>Total comprehensive income attributable to:</b>               |                                   |                                   |
| Owners of the parent   | 4,918                             | 52,048                            |
| Non-controlling interests  | 3,070                             | 2,902                             |
| <b>Total comprehensive income for the period</b>                 | <b>7,989</b>                      | <b>54,950</b>                     |

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

|  | Note | Consolidated                 |   | Company                      |                              |
|--|------|------------------------------|---|------------------------------|------------------------------|
|  |      | 31 December<br>2023<br>£'000 | 31 December<br>2022<br>(Restated)*<br>£'000 | 31 December<br>2023<br>£'000 | 31 December<br>2022<br>£'000 |
| <b>Non-current assets</b>                          |      |                              |   |                              |                              |
| Property, plant and equipment                      | 16   | 572,562                      | 554,460                                     | 166                          | 257                          |
| Intangible assets                                  | 17   | 188,048                      | 169,110                                     | -                            | -                            |
| Available for sale assets                          |      | 250                          | -   | 250                          | -                            |
| Investments in subsidiary undertakings             | 18   | -                            | -   | 567,305                      | 583,421                      |
| Investment in equity-accounted associate           | 19   | 605                          | 576   | -                            | -                            |
| Investment in joint ventures                       | 19   | 6,448                        | 5,942                                       | 412                          | -                            |
| Derivative financial asset                         | 33   | 1,369                        | 4,771                                       | -                            | -                            |
| Other receivables                                  | 20   | 3,398                        | 4,259                                       | -                            | -                            |
| Deferred tax asset                                 | 14   | 38                           | 4,426                                       | -                            | -                            |
|  |      | <b>772,718</b>               | <b>743,544</b>                              | <b>568,133</b>               | <b>583,678</b>               |
| <b>Current assets</b>                              |      |                              |   |                              |                              |
| Trade and other receivables                        | 20   | 99,034                       | 86,805                                      | 5,332                        | 3,168                        |
| Inventories  | 21   | 84,309                       | 67,780                                      | -                            | -                            |
| Cash and cash equivalents                          | 22   | 55,872                       | 68,623                                      | 7,925                        | 5,055                        |
| Derivative financial asset                         | 33   | 3,328                        | 10,683                                      | -                            | -                            |
|  |      | <b>242,543</b>               | <b>233,891</b>                              | <b>13,257</b>                | <b>8,223</b>                 |
| <b>Total assets</b>                                |      | <b>1,015,261</b>             | <b>977,435</b>                              | <b>581,390</b>               | <b>591,901</b>               |
| <b>Current liabilities</b>                         |      |                              |   |                              |                              |
| Trade and other payables                           | 23   | 158,199                      | 140,443                                     | 34,082                       | 13,527                       |
| Derivative financial liabilities                   | 33   | 3,926                        | 6,693                                       | 1,253                        | -                            |
| Provisions   | 25   | 8,489                        | 6,596                                       | -                            | -                            |
| Borrowings   | 24   | 37,504                       | 33,846                                      | 29,543                       | 20,072                       |
| Current tax payable                                |      | 3,844                        | 1,251                                       | -                            | -                            |
|  |      | <b>211,962</b>               | <b>188,829</b>                              | <b>64,878</b>                | <b>33,598</b>                |
| <b>Non-current liabilities</b>                     |      |                              |   |                              |                              |
| Borrowings   | 24   | 200,792                      | 228,630                                     | 174,090                      | 206,369                      |
| Employee benefit liabilities                       |      | 1,305                        | 1,312                                       | -                            | -                            |
| Deferred tax liabilities                           | 14   | 72,219                       | 79,111                                      | -                            | -                            |
| Derivative financial liabilities                   |      | 1,167                        | 552   | -                            | -                            |
| Provisions   | 25   | 4,724                        | 4,100                                       | -                            | -                            |
| Other payables                                     | 23   | 8,208                        | 5,051                                       | 5,260                        | 5,051                        |
|  |      | <b>288,415</b>               | <b>318,756</b>                              | <b>179,350</b>               | <b>211,420</b>               |
| <b>Total liabilities</b>                           |      | <b>500,377</b>               | <b>507,585</b>                              | <b>244,228</b>               | <b>245,018</b>               |
| <b>Net assets</b>                                  |      | <b>514,884</b>               | <b>469,850</b>                              | <b>337,162</b>               | <b>346,882</b>               |
| <b>Equity attributable to owners of the parent</b> |      |                              |   |                              |                              |
| Share capital                                      | 28   | 6,939                        | 6,383                                       | 6,939                        | 6,383                        |
| Share premium                                      | 28   | -                            | 400,022                                     | -                            | 400,022                      |
| Share option reserve                               | 29   | 11,482                       | 7,483                                       | 11,482                       | 7,483                        |
| Other reserves                                     | 30   | 629                          | 10,261                                      | 600                          | 1,362                        |
| Retained earnings                                  |      | 481,691                      | 33,969                                      | 318,141                      | (68,368)                     |

|  |    |                |                |                |                |
|--|----|----------------|----------------|----------------|----------------|
| <b>Equity attributable to owners of the parent</b> |    | <b>500,741</b> | <b>458,118</b> | <b>337,162</b> | <b>346,882</b> |
| Non-controlling interest                           | 31 | 14,143         | 11,732         | -              | -              |
| <b>Total equity</b>                                |    | <b>514,884</b> | <b>469,850</b> | <b>337,162</b> | <b>346,882</b> |

\* Restated for review of prior year acquisition accounting during the IFRS 3 hindsight period. Refer to note 17 for further information.

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 2023 was £42.9 million (year ended 31 December 2022: loss of £24.4 million).

The Financial Statements were approved and authorised for issue by the Board of Directors on 17 March 2024 were signed on its behalf by:

Garth Palmer  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

|   | Note | Share capital<br>£'000 | Share premium<br>£'000 | Share option reserve<br>£'000 | Other reserves<br>£'000 | Retained earnings<br>£'000 | Total<br>£'000 | Non-controlling interest<br>£'000 | Total<br>£'000 |
|---|------|------------------------|------------------------|-------------------------------|-------------------------|----------------------------|----------------|-----------------------------------|----------------|
| <b>Balance as at 1 January 2022</b>                       |      | <b>6,379</b>           | <b>399,897</b>         | <b>3,104</b>                  | <b>(11,236)</b>         | <b>2,116</b>               | <b>400,260</b> | <b>10,894</b>                     | <b>411,154</b> |
| 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          |
| <b>Total comprehensive income for the period</b>          |      | <b>-</b>               | <b>-</b>               | <b>-</b>                      | <b>20,810</b>           | <b>31,238</b>              | <b>52,048</b>  | <b>2,902</b>                      | <b>54,950</b>  |
| <b>Contributions by and distributions to owners</b>       |      |                        |                        |                               |                         |                            |                |                                   |                |
| 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          |
| <b>Total contributions by and distributions to owners</b> |      | <b>4</b>               | <b>125</b>             | <b>4,379</b>                  | <b>687</b>              | <b>615</b>                 | <b>5,810</b>   | <b>(2,064)</b>                    | <b>3,746</b>   |
| <b>Balance as at 31 December 2022</b>                     |      | <b>6,383</b>           | <b>400,022</b>         | <b>7,483</b>                  | <b>10,261</b>           | <b>33,969</b>              | <b>458,118</b> | <b>11,732</b>                     | <b>469,850</b> |
| <b>Balance as at 1 January 2023</b>                       |      | <b>6,383</b>           | <b>400,022</b>         | <b>7,483</b>                  | <b>10,261</b>           | <b>33,969</b>              | <b>458,118</b> | <b>11,732</b>                     | <b>469,850</b> |
| Profit for the year                                       |      | -                      | -                      | -                             | -                       | 13,534                     | 13,534         | 3,184                             | 16,718         |
| Currency translation differences                          |      | -                      | -                      | -                             | (3,109)                 | -                          | (3,109)        | (114)                             | (3,223)        |
| Other comprehensive income                                |      | -                      | -                      | -                             | (5,506)                 | -                          | (5,506)        | -                                 | (5,506)        |
| <b>Total comprehensive income for the period</b>          |      | <b>-</b>               | <b>-</b>               | <b>-</b>                      | <b>(8,615)</b>          | <b>13,534</b>              | <b>4,919</b>   | <b>3,070</b>                      | <b>7,989</b>   |
| <b>Contributions by and distributions to owners</b>       |      |                        |                        |                               |                         |                            |                |                                   |                |
| Acquired via acquisition                                  |      | -                      | -                      | -                             | -                       | -                          | -              | 616                               | 616            |
| Issue of share capital                                    | 28   | 556                    | 29,444                 | -                             | -                       | -                          | 30,000         | -                                 | 30,000         |
| Issue costs   | 28   | -                      | (782)                  | -                             | -                       | -                          | (782)          | -                                 | (782)          |
| Share based payments                                      |      | -                      | -                      | 4,002                         | -                       | -                          | 4,002          | -                                 | 4,002          |
| Exercise of share options                                 |      | -                      | -                      | (3)                           | -                       | 3                          | -              | -                                 | -              |
| Dividends   |      | -                      | -                      | -                             | -                       | -                          | -              | (1,275)                           | (1,275)        |
| Other equity adjustments                                  | 28   | -                      | (428,684)              | -                             | (1,017)                 | 434,185                    | 4,484          | -                                 | 4,484          |
| <b>Total contributions by and distributions to owners</b> |      | <b>556</b>             | <b>(400,022)</b>       | <b>3,999</b>                  | <b>(1,017)</b>          | <b>434,188</b>             | <b>37,704</b>  | <b>(659)</b>                      | <b>37,045</b>  |



|                                |       |   |        |     |         |         |        |         |
|--------------------------------|-------|---|--------|-----|---------|---------|--------|---------|
| Balance as at 31 December 2023 | 6,939 | - | 11,482 | 629 | 481,691 | 500,741 | 14,143 | 514,884 |
|--------------------------------|-------|---|--------|-----|---------|---------|--------|---------|

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

| Note  | Share capital<br>£'000 | Share premium<br>£'000 | Share option reserve<br>£'000 | Other reserves<br>£'000 | Retained earnings<br>£'000 | Total<br>£'000  |
|---|------------------------|------------------------|-------------------------------|-------------------------|----------------------------|-----------------|
| <b>Balance as at 1 January 2022</b>                       | <b>6,379</b>           | <b>399,897</b>         | <b>3,104</b>                  | <b>1,362</b>            | <b>(44,026)</b>            | <b>366,716</b>  |
| Profit/(Loss)   | -                      | -                      | -                             | -                       | (24,416)                   | (24,416)        |
| <b>Total comprehensive income for the period</b>          | <b>-</b>               | <b>-</b>               | <b>-</b>                      | <b>-</b>                | <b>(24,416)</b>            | <b>(24,416)</b> |
| <b>Contributions by and distributions to owners</b>       |                        |                        |                               |                         |                            |                 |
| Issue of share capital                                    | 4                      | 125                    | -                             | -                       | -                          | 129             |
| Share based payments                                      | -                      | -                      | 4,453                         | -                       | -                          | 4,453           |
| Exercise of share options                                 | -                      | -                      | (74)                          | -                       | 74                         | -               |
| <b>Total contributions by and distributions to owners</b> | <b>4</b>               | <b>125</b>             | <b>4,379</b>                  | <b>-</b>                | <b>74</b>                  | <b>4,582</b>    |
| <b>Balance as at 31 December 2022</b>                     | <b>6,383</b>           | <b>400,022</b>         | <b>7,483</b>                  | <b>1,362</b>            | <b>(68,368)</b>            | <b>346,882</b>  |
| <b>Balance as at 1 January 2023</b>                       | <b>6,383</b>           | <b>400,022</b>         | <b>7,483</b>                  | <b>1,362</b>            | <b>(68,368)</b>            | <b>346,882</b>  |
| Profit/(Loss)   | -                      | -                      | -                             | -                       | (42,940)                   | (42,940)        |
| <b>Total comprehensive income for the period</b>          | <b>-</b>               | <b>-</b>               | <b>-</b>                      | <b>-</b>                | <b>(42,940)</b>            | <b>(42,940)</b> |
| <b>Contributions by and distributions to owners</b>       |                        |                        |                               |                         |                            |                 |
| Issue of share capital                                    | 556                    | 29,444                 | -                             | -                       | -                          | 30,000          |
| Issue costs   | 28                     | (782)                  | -                             | -                       | -                          | (782)           |
| Share based payments                                      | -                      | -                      | 4,002                         | -                       | -                          | 4,002           |
| Exercise of share options                                 | -                      | -                      | (3)                           | -                       | 3                          | -               |
| Other equity adjustments                                  | -                      | (428,684)              | -                             | (762)                   | 429,446                    | -               |
| <b>Total contributions by and distributions to owners</b> | <b>556</b>             | <b>(400,022)</b>       | <b>3,999</b>                  | <b>(762)</b>            | <b>429,449</b>             | <b>33,220</b>   |
| <b>Balance as at 31 December 2023</b>                     | <b>6,939</b>           | <b>-</b>               | <b>11,482</b>                 | <b>600</b>              | <b>318,141</b>             | <b>337,162</b>  |

## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

| Note  | Consolidated                         |                                      | Company                              |                                      |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|   | Year ended 31 December 2023<br>£'000 | Year ended 31 December 2022<br>£'000 | Year ended 31 December 2023<br>£'000 | Year ended 31 December 2022<br>£'000 |
| <b>Cash flows from operating activities</b> |                                      |                                      |                                      |                                      |
| Profit/(loss)                               | 16,718                               | 33,581                               | (42,941)                             | (24,416)                             |
| <i>Adjustments for:</i>                     |                                      |                                      |                                      |                                      |
| Depreciation and amortisation               | 16 17                                | 39,434                               | 109                                  | 118                                  |

|  |       |                 |                 |                 |                 |
|--|-------|-----------------|-----------------|-----------------|-----------------|
| Impairments  |       | -               | 30              | -               | -               |
| Share option expense   |       | 4,001           | 4,453           | 4,001           | 4,453           |
| Loss/(gain) on sale of PP&E                                  |       | (3,032)         | (1,471)         | -               | -               |
| Net finance costs  |       | 15,865          | 10,438          | 8,703           | 7,032           |
| Income tax expense   | 14    | 11,279          | 9,142           | -               | -               |
| Share of earnings from joint ventures                        |       | (596)           | (786)           | -               | -               |
| Non-cash items   |       | (869)           | (475)           | (2,120)         | 3,927           |
| Increase in trade and other receivables                      |       | (8,613)         | (6,807)         | (2,132)         | (450)           |
| (Increase)/decrease in inventories                           |       | (13,159)        | (17,322)        | -               | -               |
| Increase in trade and other payables                         |       | 14,637          | 31,182          | 19,888          | 4,151           |
| Decrease in provisions                                       |       | 934             | (19)            | -               | -               |
| Income tax paid  |       | (11,194)        | (11,332)        | -               | -               |
| <b>Net cash inflows/(outflows) from operating activities</b> |       | <b>65,405</b>   | <b>87,730</b>   | <b>(14,492)</b> | <b>(5,185)</b>  |
| <b>Investing activities</b>                                  |       |                 |                 |                 |                 |
| Purchase of property, plant and equipment                    | 15 16 | (40,190)        | (51,008)        | (18)            | (14)            |
| Sale of property, plant and equipment                        |       | 5,890           | 10,235          | -               | -               |
| Proceeds of sale of subsidiary                               |       | 1,822           | -               | -               | -               |
| Purchase of intangible assets                                | 15 17 | (2,857)         | (1,713)         | -               | -               |
| Purchase of available for sale assets                        |       | (250)           | -               | (250)           | -               |
| Investment in joint venture                                  |       | (411)           | -               | (411)           | -               |
| Acquisition of businesses (net of cash acquired)             |       | (30,169)        | (43,318)        | (6,760)         | (43,427)        |
| Financial derivative   |       | 1,607           | 278             | 1,253           | 302             |
| Interest received  |       | 1,271           | 603             | 201             | 7               |
| <b>Net cash used in investing activities</b>                 |       | <b>(63,287)</b> | <b>(84,923)</b> | <b>(5,985)</b>  | <b>(43,132)</b> |
| <b>Financing activities</b>                                  |       |                 |                 |                 |                 |
| Proceeds from share issue                                    |       | 30,000          | 129             | 30,000          | 129             |
| Cost of share issue  |       | (782)           | -               | (782)           | -               |
| Proceeds from borrowings                                     |       | 5,064           | 36,154          | -               | 26,840          |
| Repayment of borrowings                                      |       | (32,050)        | (30,361)        | (20,055)        | (8,067)         |
| Net loans with subsidiaries                                  |       | -               | -               | 26,432          | 22,801          |
| Interest paid  |       | (14,553)        | (9,732)         | (12,148)        | (7,537)         |
| Dividends paid   |       | (1,275)         | (3,038)         | -               | -               |
| <b>Net cash used in financing activities</b>                 |       | <b>(13,596)</b> | <b>(6,848)</b>  | <b>23,447</b>   | <b>34,166</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>  |       | <b>(11,478)</b> | <b>(4,041)</b>  | <b>2,970</b>    | <b>(14,151)</b> |
| Cash and cash equivalents at beginning of period             |       | <b>68,623</b>   | <b>69,916</b>   | <b>5,055</b>    | <b>19,038</b>   |
| Exchange (losses) / gains on cash                            |       | (1,273)         | 2,748           | (100)           | 168             |
| <b>Cash and cash equivalents and end of period</b>           | 22    | <b>55,872</b>   | <b>68,623</b>   | <b>7,925</b>    | <b>5,055</b>    |

## 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 and with the requirements of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment and intangible assets; financial assets and financial liabilities at fair value through profit or loss; derivatives held for hedge accounting classified as financial assets at fair value through other comprehensive income, and defined benefit pension plans for which the plan assets are measured at fair value.

The Financial Statements are presented in UK Pounds Sterling rounded to the nearest thousand.

The preparation of Financial Statements in conformity with UK IASs 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, IAS 12 - Deferred Tax and Annual Improvements – 2018 – 2020 Cycle. The amendments and revisions were applicable for the period ended 31 December 2023 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:

| <b>Standard</b> | <b>Impact on initial application</b>             | <b>Effective date</b> |
|-----------------|--|-----------------------|
| IAS 1           | Non-current liabilities with covenants           | 1 January 2024        |
| IAS 7           | Statement of cash flows                          | 1 January 2024        |
| IFRS 16         | Leases   | 1 January 2024        |
| IFRS 7          | Supplier finance arrangements                    | 1 January 2024        |
| IAS 21          | The effects of changes in foreign exchange rates | 1 January 2025        |

The Group and Company are evaluating the impact of the new and amended standards above which are not expected to have a material impact on the Group or Company'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 37 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, Goijens, Betons 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, GduH, B-Mix and Goijens processed several adjustments to ensure the financial information included at a Group level complies with UK IAS. CDH, GduH, B-Mix and Goijens 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.

The Group recognises any non-controlling interest at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

### **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 comprise of a €600 million committed term facility, €150 million revolving credit facility and a further €100 million uncommitted accordion which matures on 21 November 2028. 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 2023, the Group had cash of £55.9 million (2022: £68.6 million) and undrawn banking facilities under the legacy debt of £173 million (2022: £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**

### **e) 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 Company's functional currency.

### **f) 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.

#### *g) 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
- 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**

The Group measures goodwill as the fair value of the purchase consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. 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 JQG and Goijens as at the completion date. As a result of this exercise, goodwill in JQG decreased from £40.2 million to £7.1 million with the corresponding movement being land and minerals and other intangibles. Goodwill in Goijens decreased from £5.1 million to £1.6 million with the corresponding movement being land and buildings and customer relationships. The current accounting policies regarding the subsequent treatment of 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 entities, or group of entities, that are expected to benefit from the synergies of the combination. Goodwill is monitored at a Group level.

Goodwill is not amortised however impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. When the carrying value of goodwill exceeds the recoverable amount, (the higher of value in use and fair value less costs) an 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 earn revenue. Impairment reviews are performed annually. Where the benefit of the intangible ceases or has been superseded, these are written off to the Income Statement.

## 2.7. Property, Plant and Equipment

Property, plant and equipment is stated at cost, plus any PPA 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 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***

The majority of the Group's strategic hedging programme is delivered using executory contracts to forward purchase exchange contracts or commodities for our own use.

The Group uses financial instruments to manage financial risks associated with the Group's underlying business activities and the financing of those activities. The Group does not undertake any trading in financial instruments. Derivatives are initially recognised at fair value and subsequently remeasured in future periods at fair value. The gain or loss on remeasurement is recognised immediately in profit or loss, unless a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability. In this instance the effective part of any gain or loss is recognised in the consolidated statement of comprehensive income and in the revaluation reserve.

Amounts recorded in the revaluation reserve are subsequently reclassified to the consolidated income statement when the expense for the hedged transaction is actually recognised. To qualify for hedge accounting, the hedging relationship must meet several conditions with respect to documentation, probability of occurrence, hedge effectiveness and reliability of measurement.

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 the need to recognise loss allowances for expected credit losses on financial assets. These are measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for bank balances for which credit risk has not increased significantly since initial recognition, which are measured as 12-month expected credit loss.

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.

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<br>2023<br>£'000 | 31 December<br>2022<br>£'000 |
|-----------------|------------------------------|------------------------------|
| Total factoring | 5,927                        | 5,004                        |

## 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.

Capital Reserve – represents cash that can be used for future expenses or to offset any capital losses.

Revaluation Reserve – represents the changes of values in certain assets and includes derivative instruments used for cash-flow hedging

## **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 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 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.

## **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 Right-of-use assets and lease liability under IFRS 16.

Right-of-use assets are measured at cost, comprising the initial amount of the lease liability adjusted for any lease prepayments, plus initial direct costs, less any lease incentives received. Right-of-use

assets are depreciated using the straight-line method from the start of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in long-term and short-term borrowings and are measured at the present value of future lease payments, discounted at the Groups incremental borrowing rate and adjusted for time value of money. 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. The lease liabilities are shown in Note 24.

The Group elects to apply the exemptions, permitted by IFRS 16, for lease assets and liabilities regarding short-term and low-value leases. Charges recognised in the consolidated income statement in respect of these leases are not significant to the Group.

## **2.27. Prior year restatement**

The statement of financial position has been restated for the finalisation of provisional fair values of the assets and liabilities recognised in respect of the JQG and Goijens acquisitions in 2022, following a PPA review during the IFRS 3 hindsight period. See note 17 for further details.

## **3. Financial Risk Management**

### **3.1. Financial Risk Factors**

The Group and Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group and Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group and Company'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 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:

|                             | <b>31 December<br/>2023<br/>£'000</b> | <b>31 December<br/>2022<br/>£'000</b> |
|-----------------------------|---------------------------------------|---------------------------------------|
| Trade and other receivables | 102,432                               | 91,064                                |

|                           |                |                |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | 55,872         | 68,623         |
|                           | <b>158,304</b> | <b>159,687</b> |

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<br>2023<br>£'000 | 31 December<br>2022<br>£'000 |
|------------|------------------------------|------------------------------|
| North West | 21,822                       | 21,505                       |
| West       | 19,892                       | 13,387                       |
| North East | 60,718                       | 56,172                       |
|            | <b>102,432</b>               | <b>91,064</b>                |

### Impairment

At the reporting date the ageing of the trade receivables that were not impaired, were as follows.

|                                | 31 December<br>2023<br>£'000 | 31 December<br>2022<br>£'000 |
|--------------------------------|------------------------------|------------------------------|
| <b>Total trade receivables</b> | <b>85,033</b>                | <b>79,261</b>                |
| Not overdue                    | 66,536                       | 68,051                       |
| Overdue 1 – 30 days            | 15,286                       | 8,913                        |
| Overdue 31 – 60 days           | 1,646                        | 1,491                        |
| Overdue 61 – 90 days           | 495                          | 437                          |
| More than 90 days              | 1,573                        | 554                          |
| Impairment loss recognised     | (503)                        | (185)                        |

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<br>2023<br>£'000 | 31 December<br>2022<br>£'000 |
|--------------|------------------------------|------------------------------|
| At January 1 | 382                          | 1,060                        |



|  |            |            |
|--|------------|------------|
| Amounts arising from business combinations                   | -          | 36         |
| Charged to the Consolidated income statement during the year | 177        | 132        |
| Movement in provision  | 154        | (846)      |
|  | <b>713</b> | <b>382</b> |

### **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<sub>2</sub> 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 Zloty (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 per cent 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 per cent 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.

### **2023**

| <i>GBP thousand</i>            | <b>USD</b>   | <b>SEK</b>     | <b>NOK</b>   | <b>PLN</b> | <b>EUR</b>    |
|--------------------------------|--------------|----------------|--------------|------------|---------------|
| Gross exposure                 | (5,660)      | 24,942         | (3,353)      | (3,177)    | 74,408        |
| Hedged                         | 11,441       | (26,905)       | 2,646        | 3,187      | (48,758)      |
| Net exposure                   | <b>5,781</b> | <b>(1,963)</b> | <b>(707)</b> | <b>10</b>  | <b>25,650</b> |
| Sensitivity analysis (+/- 10%) | <b>578</b>   | <b>(196)</b>   | <b>(71)</b>  | <b>1</b>   | <b>2,565</b>  |

### **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.

|             |                    |                  |                  |                          |
|-------------|--------------------|------------------|------------------|--------------------------|
| <b>2023</b> | <b>1-12 months</b> | <b>1-2 years</b> | <b>2-5 years</b> | <b>More than 5 years</b> |
|-------------|--------------------|------------------|------------------|--------------------------|

| <b>Contractual cash flows</b>               | <b>£'000</b>   | <b>£'000</b>  | <b>£'000</b>   | <b>£'000</b> |
|---|----------------|---------------|----------------|--------------|
| <b>Non-derivative financial liabilities</b> |                |               |                |              |
| Loans                                       | 30,709         | 31,663        | 148,414        | -            |
| Trade payables                              | 158,199        | 2,525         | 1,060          | 4,623        |
|   | <b>188,908</b> | <b>34,188</b> | <b>149,474</b> | <b>4,623</b> |
| Future forecast finance charges             | 11,712         | 9,807         | 19,621         | -            |
|   | <b>200,620</b> | <b>43,995</b> | <b>169,095</b> | <b>4,623</b> |
| <b>Derivative financial liabilities</b>     |                |               |                |              |
| Forward exchange contracts used for hedging | 1,843          | -             | -              | -            |
| Electricity hedges                          | 2,713          | 538           | -              | -            |
|   | <b>4,556</b>   | <b>538</b>    | <b>-</b>       | <b>-</b>     |

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 2023 is as follows:

|   | <b>Consolidated</b>                       |   |
|---|---|---|
|   | <b>31<br/>December<br/>2023<br/>£'000</b> | <b>31<br/>December<br/>2022<br/>£'000</b> |
| Total borrowings (Note 24)                | 238,296                                   | 262,476                                   |
| Less: Cash and cash equivalents (Note 22) | (55,872)                                  | (68,623)                                  |
| Net debt                                  | 182,424                                   | 193,853                                   |
| Total equity                              | 514,884                                   | 469,850                                   |
| <b>Total capital</b>                      | <b>697,308</b>                            | <b>663,703</b>                            |
| <b>Gearing ratio</b>                      | <b>0.26</b>                               | <b>0.29</b>                               |

### 4. Critical Accounting Estimates

The preparation of the Financial Statements, in conformity with UK IASs, requires management to make estimates, assumptions and judgements that affect the reported amounts of assets, 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, assumptions and judgements 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. To determine the reserves, management will engage an independent volume and tonnage assessment, which involves a topographic survey of the quarry working, conducted in 3 dimensions for the date of the assessment using a computer aided design (CAD) system and a series of theoretical computer-generated models, taking into account geotechnical and hydrogeological factors, as well as ensuring that there is a practical extraction plan so that all the rock can be recovered. This produces a removal of overburden model and removal of mineral model.

Following this, the volume of reserves is calculated and converted to tonnes by multiplying the volume by the density of the mineral. This process is based upon factors such as estimates of commodity prices and geological assumptions and judgements. Additional estimates include future capital requirements and production costs.

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, Nordkalk and JQG 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*

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.

Where the carrying value exceeds the estimated recoverable amount (being the greater of fair value less costs and value-in-use), an impairment loss is recognised by writing down goodwill to its recoverable amount. When an impairment is recognised as an expense, it is not subsequently reversed.

To assess the value-in-use, the net cash flow forecasts are extrapolated using long-term growth rates to determine the terminal value. These net cash flow forecasts reflect volumes, sales prices, cost of sales and administration costs assumptions in addition to other cash flow movements. Future cash flows, including the terminal value, are discounted to their present value using a pre-tax discount rate takes into account the current market assessments of the time value of money and the certain risks for which the future cash flow estimates have not been adjusted. The future cash flow estimates exclude net cash movement attributable to financing activities and income tax.

The impairment test process requires management to make significant judgements and estimates regarding the valuation models, discount rates used and future cash flows projected to be generated by the operating segment to which goodwill has been allocated. Further information on the impairment assessment and key assumptions used is detailed in note 17.

The PPA assessments provide a reduction to the goodwill for each operating segment via the fair value assessment of the assets acquired in new entities as at the completion date.

Goodwill has a carrying value of £169.7 million as at 31 December 2023 (31 December 2022: £115.2 million). Management has concluded that an impairment charge was not necessary to the carrying value of goodwill for the period ended 31 December 2023 (31 December 2022: £nil). See Note 2.6 to the Financial Statements.

*c) Restoration Provision*

The Group's provision for restoration costs is an accounting estimate and has a carrying value at 31 December 2023 of £7.9 million (31 December 2022: £6.1 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 is a judgement 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. Management judgements are based on a site-by-site basis on the evaluation of available information such as prior experience and current laws and regulations. There are a number of uncertainties which may impact managements judgements including change in governments, laws and regulations, unknown factors and changes in technology.

The restoration provision is a commitment to restore the site to a safe and secure environment. These provisions are reviewed annually.

*d) 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.

*e) 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. Further information on fair value of financial instruments is disclosed in note 33.

## 5. Dividends

No dividend has been declared or paid by the Company during the year ended 31 December 2023 (2022: 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.

| <b>31 December 2023</b> |              |                   |              |
|-------------------------|--------------|-------------------|--------------|
| <b>North West</b>       | <b>West</b>  | <b>North East</b> | <b>Total</b> |
| <b>£'000</b>            | <b>£'000</b> | <b>£'000</b>      | <b>£'000</b> |
|                         |              |                   |              |

|  |         |         |         |                  |
|--|---------|---------|---------|------------------|
| Revenue  | 142,505 | 98,203  | 339,577 | <b>580,285</b>   |
| Depreciation & Amortisation                              | 10,566  | 5,986   | 22,882  | <b>39,434</b>    |
| Net finance (expense)/income                             | 15,410  | 174     | 280     | <b>15,864</b>    |
| Underlying Profit from operations per reportable segment | 12,085  | 17,258  | 54,512  | <b>83,855</b>    |
| Additions to non-current assets                          | 13,243  | 20,375  | 5,447   | <b>39,065</b>    |
| Reportable segment non-current assets                    | 192,197 | 121,467 | 459,054 | <b>772,718</b>   |
| Reportable segment assets                                | 248,223 | 157,524 | 609,514 | <b>1,015,261</b> |
| Reportable segment liabilities                           | 287,443 | 42,174  | 170,760 | <b>500,377</b>   |

|  | 31 December 2022 |         |            |                |
|--|------------------|---------|------------|----------------|
|  | North West       | West    | North East | Total          |
|  | £'000            | £'000   | £'000      | £'000          |
| Revenue  | 139,709          | 87,365  | 310,919    | <b>537,993</b> |
| Depreciation & Amortisation                              | 9,438            | 5,339   | 22,339     | <b>37,116</b>  |
| Net finance (expense)/income                             | 9,855            | 151     | 432        | <b>10,438</b>  |
| Underlying Profit from operations per reportable segment | 36,444           | 22,478  | 57,015     | <b>115,937</b> |
| Additions to non-current assets                          | 62,400           | 6,137   | 28,612     | <b>97,149</b>  |
| Reportable segment non-current assets                    | 173,440          | 103,458 | 456,138    | <b>733,036</b> |
| Reportable segment assets                                | 221,317          | 138,823 | 606,788    | <b>966,928</b> |
| Reportable segment liabilities                           | 342,255          | 27,806  | 127,017    | <b>497,078</b> |

## 7. Revenue

|                      | Consolidated     |                  |
|----------------------|------------------|------------------|
|                      | 31 December 2023 | 31 December 2022 |
|                      | £'000            | £'000            |
| Upstream products    | 94,202           | 75,244           |
| Value added products | 422,301          | 401,012          |
| Value added services | 53,334           | 52,292           |
| Other                | 10,448           | 9,445            |
|                      | <b>580,285</b>   | <b>537,993</b>   |

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 contracting services revenue for the year ended 31 December 2023 was £27 million (2022: £24.9 million). Refer to note 2.20 for further information on contracting services.

## 8. Expenses by Nature

**Consolidated**

|   | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
|---|---------------------------------|---------------------------------|
| <b>Cost of sales</b>  |                                 |                                 |
| Changes in inventories of finished goods and work in progress | 9,287                           | 9,003                           |
| Raw materials & production                                    | 188,419                         | 198,984                         |
| Distribution & selling expenses                               | 41,764                          | 43,671                          |
| Employees & contractors                                       | 122,148                         | 71,936                          |
| Maintenance expense   | 25,167                          | 21,543                          |
| Plant hire expense  | 7,358                           | 6,449                           |
| Depreciation & amortisation expense                           | 31,138                          | 30,085                          |
| Other costs of sale   | 15,795                          | 40,385                          |
| <b>Total cost of sales</b>                                    | <b>441,076</b>                  | <b>422,056</b>                  |
| <b>Administrative expenses</b>                                |                                 |                                 |
| Operational admin expenses                                    | 51,242                          | 42,455                          |
| Corporate admin expenses                                      | 47,211                          | 22,815                          |
| <b>Total administrative expenses</b>                          | <b>98,453</b>                   | <b>65,270</b>                   |

Corporate administrative expenses include £36.6 million (2022: £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<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
| Fees payable to the Company's auditor and its associates for the audit of the Company and Consolidated Financial Statements                                      | 533                             | 414                             |
| Fees paid or payable to the Company's auditor and its associates for reporting accountant services associated with the readmission of the Company trading on AIM | 600                             | 117                             |
|  | <b>1,133</b>                    | <b>531</b>                      |

## 9. Employee Benefits Expense

|   | Consolidated                    |                                 | Company                         |                                 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
| <b>Staff costs (excluding directors)</b>        |                                 |                                 |                                 |                                 |
| Salaries and wages                              | 94,227                          | 87,682                          | 4,265                           | 2,990                           |
| Post-employment benefits                        | 401                             | 250                             | 81                              | 28                              |
| Social security contributions and similar taxes | 3,852                           | 1,891                           | 1,051                           | 329                             |
| Other employment costs                          | 7,099                           | 8,594                           | -                               | 2                               |
| Share based payments                            | 3                               | -                               | 3                               | -                               |
|   | <b>105,582</b>                  | <b>98,417</b>                   | <b>5,400</b>                    | <b>3,349</b>                    |
|   | Consolidated                    |                                 | Company                         |                                 |
|   | 31 December<br>2023             | 31 December<br>2022             | 31 December<br>2023             | 31 December<br>2022             |

**Average number of FTE employees by function**

|                | #            | #            | #         | #         |
|----------------|--------------|--------------|-----------|-----------|
| Management     | 68           | 69           | 7         | 6         |
| Operations     | 1,655        | 1,550        | -         | -         |
| Administration | 370          | 426          | 5         | 4         |
|                | <b>2,093</b> | <b>2,045</b> | <b>12</b> | <b>10</b> |

**10. Directors' Remuneration**

|                                | <b>Directors' fees</b> | <b>Bonus</b> | <b>Taxable benefits</b> | <b>Pension benefits</b> | <b>Total</b> |
|--------------------------------|------------------------|--------------|-------------------------|-------------------------|--------------|
|                                | <b>£'000</b>           | <b>£'000</b> | <b>£'000</b>            | <b>£'000</b>            | <b>£'000</b> |
| <b>Executive Directors</b>     |                        |              |                         |                         |              |
| David Barrett                  | 375                    | 469          | 15                      | 22                      | 881          |
| Garth Palmer                   | 375                    | 469          | 15                      | 33                      | 892          |
| Max Vermorken                  | 475                    | 594          | 15                      | 48                      | 1,132        |
| <b>Non-executive Directors</b> |                        |              |                         |                         |              |
| Timothy Hall                   | 50                     | -            | -                       | -                       | 50           |
| Simon Chisholm                 | 50                     | -            | -                       | 5                       | 55           |
| Jacques Emsens                 | 50                     | -            | -                       | -                       | 50           |
| Axelle Henry                   | 50                     | -            | -                       | -                       | 50           |
|                                | <b>1,425</b>           | <b>1,532</b> | <b>45</b>               | <b>108</b>              | <b>3,110</b> |

|                                | <b>Directors' fees</b> | <b>Bonus</b> | <b>Taxable benefits</b> | <b>Pension benefits</b> | <b>Total</b> |
|--------------------------------|------------------------|--------------|-------------------------|-------------------------|--------------|
|                                | <b>£'000</b>           | <b>£'000</b> | <b>£'000</b>            | <b>£'000</b>            | <b>£'000</b> |
| <b>Executive Directors</b>     |                        |              |                         |                         |              |
| David Barrett                  | 375                    | 469          | 15                      | -                       | 859          |
| Garth Palmer                   | 375                    | 469          | 15                      | 40                      | 899          |
| Max Vermorken                  | 475                    | 594          | 15                      | 60                      | 1,144        |
| <b>Non-executive Directors</b> |                        |              |                         |                         |              |
| Timothy Hall                   | 50                     | -            | -                       | -                       | 50           |
| Simon Chisholm                 | 50                     | -            | -                       | 5                       | 55           |
| Jacques Emsens                 | 50                     | -            | -                       | -                       | 50           |
| Axelle Henry <sup>(1)</sup>    | 34                     | -            | -                       | -                       | 34           |
|                                | <b>1,409</b>           | <b>1,532</b> | <b>45</b>               | <b>105</b>              | <b>3,091</b> |

(1) Appointed on 26 April 2022

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.

**11. Non-underlying Items**

| <b>Consolidated</b>     |                         |
|-------------------------|-------------------------|
| <b>31 December 2023</b> | <b>31 December 2022</b> |
|                         |                         |

|   | <b>£'000</b>  | <b>£'000</b>  |
|---|---------------|---------------|
| Acquisition related expenses                      | 25,907        | 4,842         |
| Amortisation and remeasurement of acquired assets | 6,572         | 6,761         |
| Amortisation of finance costs                     | 1,085         | 1,085         |
| Restructuring expenses                            | 3,691         | 1,877         |
| Share option expense                              | 4,001         | 4,670         |
| Unwinding of discount on deferred consideration   | 443           | 443           |
| Net other non-underlying expenses & gains         | 368           | 335           |
|   | <b>42,067</b> | <b>20,013</b> |

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.

Acquisition related expenses include exclusivity, introducer, advisor, consulting, legal fees, accounting fees, insurance and other direct costs relating to acquisitions. During the year the Group acquired Juuan Dolomitik, Goijens, Retaining, Björka Mineral, ST Investicija, Beton and entered into agreements to acquire CRH's European lime and industrial limestone assets which comprises the vast majority of the costs incurred during the year.

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. These are net of the deferred tax liability unwind on the asset fair value uplift.

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 LTIP's issued in 2021, 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.

Net other non-underlying expenses and gains include other advisory fees and other associated costs.

## 12. Net Finance Income/(Expense)

|   | <b>Consolidated</b>                       |   |
|---|---|---|
|   | <b>31<br/>December<br/>2023<br/>£'000</b> | <b>31<br/>December<br/>2022<br/>£'000</b> |
| Net interest expense                            | (14,759)                                  | (9,557)                                   |
| Dividends                                       | 423                                       | 647                                       |
| Other finance expense                           | (1,085)                                   | (1,085)                                   |
| Unwinding of discount on deferred consideration | (443)                                     | (443)                                     |
|   | <b>(15,864)</b>                           | <b>(10,438)</b>                           |

## 13. Other Net Gains/(Losses)

**Consolidated**



|  | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
|--|---------------------------------|---------------------------------|
| Gain/(losses) on disposal of property, plant and equipment | 3,032                           | 1,471                           |
| Other gain/(loss)  | 83                              | 20                              |
| Gain/(loss) on call options                                | (306)                           | 248                             |
| Impairment   | -                               | (30)                            |
| Share of earnings from joint ventures                      | 596                             | 786                             |
| Forex movement   | (300)                           | -                               |
|  | <b>3,105</b>                    | <b>2,495</b>                    |

#### 14. Taxation

|  | Consolidated                    |                                 |
|--|---------------------------------|---------------------------------|
|  | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
| <b>Tax recognised in Consolidated Income Statement</b> |                                 |                                 |
| Current tax  | (10,850)                        | (6,960)                         |
| Deferred tax   | (1,578)                         | (2,182)                         |
| Total tax charge in the Income Statement               | <b>(12,428)</b>                 | <b>(9,142)</b>                  |

|  | Consolidated                    |                                 |
|--|---------------------------------|---------------------------------|
|  | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
| <b>Recognised within the consolidated statement of Comprehensive Income</b>    |                                 |                                 |
| Deferred tax – retirement benefit obligations                                  | 8                               | (49)                            |
| Deferred tax – cash flow hedges  | 1,379                           | (845)                           |
| Total tax recognised within the Consolidated Statement of Comprehensive Income | <b>1,387</b>                    | <b>(894)</b>                    |

The differences between the total tax charge and the amount calculated by applying the standard UK corporation tax of 23.52% (2022: 19%) to the profit before tax of the Group are as follows:

|  | Consolidated                    |                                 |
|--|---------------------------------|---------------------------------|
|  | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
| Profit/(loss) on ordinary activities before tax                              | 27,997                          | 42,723                          |
| <b>Current tax using the UK corporation tax rate of 23.5% (2022: 19.00%)</b> | <b>6,579</b>                    | <b>8,117</b>                    |
| Effects of:  |                                 |                                 |
| Expenses not deductible  | 5,405                           | 1,475                           |
| Income not taxable   | (2,228)                         | (1,351)                         |
| Recognition of previously unrecognised deferred tax                          | -                               | (757)                           |
| Deferred tax not recognised  | 3,318                           | 1,214                           |
| Adjustment to tax charge in respect of prior periods                         | 784                             | (785)                           |
| Effect of overseas tax rates   | (1,238)                         | 1,015                           |
| Changes in tax rates   | (192)                           | 214                             |
| <b>Tax charge</b>  | <b>12,428</b>                   | <b>9,142</b>                    |

Legislation to increase the rate of corporation tax in the UK from 1 April 2023 was substantially enacted on 24 May 2021. The 25% rate has therefore been applied to any timing differences that are expected to reverse on or after 1 April 2023.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. However, this legislation does not apply to the Group in the financial year beginning 1 January 2024 as its consolidated revenue does not meet the legislation requirements of being greater than €750m in two of the four preceding years, the group will continue to monitor the legislation in future years.

#### Deferred Tax Asset

|                                      | Tax losses<br>£'000 | Temporary timing<br>differences<br>£'000 | Total<br>£'000 |
|--------------------------------------|---------------------|--|----------------|
| <b>At 1 January 2023</b>             | -                   | 4,424                                    | 4,424          |
| Reclassification                     | -                   | (4,424)                                  | (4,424)        |
| Charged directly to income statement | 14                  | 24                                       | 38             |
| <b>At 31 December 2023</b>           | <b>14</b>           | <b>24</b>                                | <b>38</b>      |

#### Deferred Tax Liability

|  | Tax losses<br>£'000 | Temporary timing<br>differences<br>£'000 | Total<br>£'000 |
|--|---------------------|--|----------------|
| <b>As at 1 January 2023 (as previously stated)</b> | <b>(128)</b>        | <b>68,732</b>                            | <b>68,604</b>  |
| Adjustment to PPA                                  | -                   | 10,507                                   | 10,507         |
| <b>As at 1 January 2023 (as restated)</b>          | <b>(128)</b>        | <b>79,239</b>                            | <b>79,111</b>  |
| Reclassification                                   | (2,034)             | (2,390)                                  | (4,424)        |
| Acquisition of subsidiary                          | (196)               | -  | (196)          |
| Charged/(Credited) directly to income statement    | 156                 | 429                                      | 585            |
| Amount charged/(Credited) to OCI                   | -                   | (2,074)                                  | (2,074)        |
| Amount charged/(Credited) to equity                | -                   | 250                                      | 250            |
| Effect of movements in foreign exchange            | 8                   | (1,041)                                  | (1,033)        |
| <b>At 31 December 2023</b>                         | <b>(2,194)</b>      | <b>74,413</b>                            | <b>72,219</b>  |

Deferred tax assets and liabilities are offset to the extent that there is a legally enforceable right to offset current tax assets against current tax liabilities.

Deferred tax assets in relation to losses of £3.6 million (2022: £3.5 million) and other temporary differences of £6.1 million (2022: £3.4 million) have not been recognised due to uncertainty over their recoverability.

## 15. Asset Acquisition

During the year, the Group purchased four concrete plants located on the Belgian border with France, along with operating permits, branding, and customer relations. These are collectively considered to be the acquisition of Betons.

The Directors have treated the acquisition of Betons as an asset acquisition as the acquisition was not considered to meet the definition of a business combination under IFRS 3, and therefore they judged the fair value of the assets acquired to be equal to the fair value of the consideration.

The amounts acquired as an asset acquisition are shown below:

|  | Consolidated           |                        |
|--|------------------------|------------------------|
|  | 31<br>December<br>2023 | 31<br>December<br>2022 |
|  | £'000                  | £'000                  |
| Property, plant & equipment (refer to note 16) | 954                    | -                      |
| Intangible assets (refer to note 17)           | 2,229                  | -                      |
| <b>Total asset acquisition</b>                 | <b>3,183</b>           | <b>-</b>               |

## 16. Property, Plant and Equipment

|  | Consolidated        |                      |                       |                        |               |                 |                             |                  |
|--|---------------------|----------------------|-----------------------|------------------------|---------------|-----------------|-----------------------------|------------------|
|  | Office<br>Equipment | Land and<br>minerals | Land and<br>buildings | Plant and<br>machinery | Vehicles      | Right of<br>use | Construction<br>in progress | Total            |
|  | £'000               | £'000                | £'000                 | £'000                  | £'000         | £'000           | £'000                       | £'000            |
| <b>Cost</b>  |                     |                      |                       |                        |               |                 |                             |                  |
| <b>As at 1 January 2022</b>                                | <b>4,593</b>        | <b>189,967</b>       | <b>121,233</b>        | <b>289,918</b>         | <b>24,595</b> | <b>-</b>        | <b>13,243</b>               | <b>643,549</b>   |
| 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)         | -                           | (13,155)         |
| Forex  | 177                 | 2,881                | 653                   | 10,382                 | 915           | (696)           | (671)                       | 13,641           |
| <b>As at 31 December 2022 (as previously stated)</b>       | <b>5,093</b>        | <b>406,134</b>       | <b>157,908</b>        | <b>325,213</b>         | <b>22,525</b> | <b>39,434</b>   | <b>11,695</b>               | <b>968,002</b>   |
| Fair value adjustment – PPA*                               | -                   | 30,286               | 986                   | -                      | -             | -               | -                           | 31,272           |
| <b>As at 31 December 2022 (as restated)</b>                | <b>5,093</b>        | <b>436,420</b>       | <b>158,894</b>        | <b>325,213</b>         | <b>22,525</b> | <b>39,434</b>   | <b>11,695</b>               | <b>999,274</b>   |
| <b>As at 1 January 2023</b>                                | <b>5,093</b>        | <b>436,420</b>       | <b>158,894</b>        | <b>325,213</b>         | <b>22,525</b> | <b>39,434</b>   | <b>11,695</b>               | <b>999,274</b>   |
| Acquired through acquisition                               | 92                  | 3,218                | 10,533                | 23,595                 | 2,689         | 938             | 245                         | 41,310           |
| Transfer between classes/<br>reallocation from intangibles | -                   | 6,478                | (78)                  | 1,798                  | (214)         | (154)           | (1,479)                     | 6,351            |
| Fair value adjustment                                      | -                   | 406                  | -                     | -                      | -             | 2,507           | -                           | 2,913            |
| Additions  | 206                 | 5,849                | 3,072                 | 15,416                 | 3,388         | 2,211           | 10,048                      | 40,190           |
| Disposals  | -                   | (36)                 | (1,987)               | (7,234)                | (531)         | (3,079)         | -                           | (12,867)         |
| Forex  | (73)                | (3,705)              | 421                   | (2,849)                | (215)         | 217             | 18                          | (6,186)          |
| <b>As at 31 December 2023</b>                              | <b>5,318</b>        | <b>448,630</b>       | <b>170,855</b>        | <b>355,939</b>         | <b>27,642</b> | <b>42,074</b>   | <b>20,527</b>               | <b>1,070,985</b> |
| <b>Depreciation</b>  |                     |                      |                       |                        |               |                 |                             |                  |
| <b>As at 1 January 2022</b>                                | <b>4,040</b>        | <b>70,174</b>        | <b>68,393</b>         | <b>226,274</b>         | <b>18,232</b> | <b>-</b>        | <b>-</b>                    | <b>387,113</b>   |
| 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           |
| <b>As at 31 December 2022</b>                              | <b>4,440</b>        | <b>79,901</b>        | <b>81,382</b>         | <b>239,308</b>         | <b>17,337</b> | <b>22,446</b>   | <b>-</b>                    | <b>444,814</b>   |
| <b>As at 1 January 2023</b>                                | <b>4,440</b>        | <b>79,901</b>        | <b>81,382</b>         | <b>239,308</b>         | <b>17,337</b> | <b>22,446</b>   | <b>-</b>                    | <b>444,814</b>   |
| Transfer between classes/<br>reallocation from intangibles | 13                  | 1,737                | -                     | 276                    | -             | 428             | -                           | 2,454            |

|  |              |                |               |                |               |               |               |                |
|--|--------------|----------------|---------------|----------------|---------------|---------------|---------------|----------------|
| Acquired through acquisition             | 45           | 762            | 6,772         | 20,285         | 1,723         | -             | -             | 29,587         |
| Charge for the year                      | 206          | 7,994          | 4,919         | 16,640         | 1,567         | 5,608         | -             | 36,934         |
| Disposals                                | -            | (27)           | (1,718)       | (5,240)        | (217)         | (2,736)       | -             | (9,938)        |
| Forex                                    | (64)         | (1,369)        | (456)         | (1,452)        | 67            | (2,154)       | -             | (5,428)        |
| <b>As at 31 December 2023</b>            | <b>4,640</b> | <b>88,998</b>  | <b>90,899</b> | <b>269,817</b> | <b>20,477</b> | <b>23,592</b> | <b>-</b>      | <b>498,423</b> |
| <b>Net book value</b>                    |              |                |               |                |               |               |               |                |
| <b>As at 31 December 2022 (restated)</b> | <b>653</b>   | <b>356,519</b> | <b>77,512</b> | <b>85,905</b>  | <b>5,188</b>  | <b>16,988</b> | <b>11,695</b> | <b>554,460</b> |
| <b>As at 31 December 2023</b>            | <b>678</b>   | <b>359,632</b> | <b>79,956</b> | <b>86,122</b>  | <b>7,165</b>  | <b>18,482</b> | <b>20,527</b> | <b>572,562</b> |

\* Refer to note 17 for further information regarding the PPA fair value adjustment.

|                               | Company                      |                              |                           |                       | Total<br>£'000 |
|-------------------------------|------------------------------|------------------------------|---------------------------|-----------------------|----------------|
|                               | Office<br>Equipment<br>£'000 | Land &<br>Buildings<br>£'000 | Motor<br>Vehicle<br>£'000 | Right of Use<br>£'000 |                |
| <b>Cost</b>                   |                              |                              |                           |                       |                |
| <b>As at 1 January 2022</b>   | <b>245</b>                   | <b>265</b>                   | <b>25</b>                 | <b>-</b>              | <b>535</b>     |
| Transfer between classes      | -                            | (265)                        | (25)                      | 290                   | -              |
| Fair value adjustment         | -                            | -                            | -                         | (68)                  | (68)           |
| Additions                     | 14                           | -                            | -                         | -                     | 14             |
| Disposals                     | -                            | -                            | -                         | -                     | -              |
| <b>As at 31 December 2022</b> | <b>259</b>                   | <b>-</b>                     | <b>-</b>                  | <b>222</b>            | <b>481</b>     |
| <b>As at 1 January 2023</b>   | <b>259</b>                   | <b>-</b>                     | <b>-</b>                  | <b>222</b>            | <b>481</b>     |
| Additions                     | 6                            | -                            | -                         | 12                    | 18             |
| Disposals                     | -                            | -                            | -                         | -                     | -              |
| <b>As at 31 December 2023</b> | <b>265</b>                   | <b>-</b>                     | <b>-</b>                  | <b>234</b>            | <b>499</b>     |
| <b>Depreciation</b>           |                              |                              |                           |                       |                |
| <b>As at 1 January 2022</b>   | <b>50</b>                    | <b>40</b>                    | <b>16</b>                 | <b>-</b>              | <b>106</b>     |
| Transfer between classes      | -                            | (40)                         | (16)                      | 56                    | -              |
| Charge for the year           | 50                           | -                            | -                         | 68                    | 118            |
| Disposals                     | -                            | -                            | -                         | -                     | -              |
| <b>As at 31 December 2022</b> | <b>100</b>                   | <b>-</b>                     | <b>-</b>                  | <b>124</b>            | <b>224</b>     |
| <b>As at 1 January 2023</b>   | <b>100</b>                   | <b>-</b>                     | <b>-</b>                  | <b>124</b>            | <b>224</b>     |
| Charge for the year           | 50                           | -                            | -                         | 59                    | 109            |
| Disposals                     | -                            | -                            | -                         | -                     | -              |
| <b>As at 31 December 2023</b> | <b>150</b>                   | <b>-</b>                     | <b>-</b>                  | <b>183</b>            | <b>333</b>     |
| <b>Net book value</b>         |                              |                              |                           |                       |                |
| <b>As at 31 December 2022</b> | <b>159</b>                   | <b>-</b>                     | <b>-</b>                  | <b>98</b>             | <b>257</b>     |
| <b>As at 31 December 2023</b> | <b>115</b>                   | <b>-</b>                     | <b>-</b>                  | <b>51</b>             | <b>166</b>     |

## 17. Intangible Assets

|                             | Consolidated      |                                |                                   |                                    |              |                      |                |
|-----------------------------|-------------------|--------------------------------|-----------------------------------|------------------------------------|--------------|----------------------|----------------|
|                             | Goodwill<br>£'000 | Customer<br>Relations<br>£'000 | Intellectual<br>property<br>£'000 | Research &<br>Development<br>£'000 | Branding     | Other<br>Intangibles | Total<br>£'000 |
| <b>Cost</b>                 |                   |                                |                                   |                                    |              |                      |                |
| <b>As at 1 January 2022</b> | <b>305,966</b>    | <b>4,414</b>                   | <b>2,027</b>                      | <b>5,938</b>                       | <b>3,611</b> | <b>18,798</b>        | <b>340,754</b> |

|  |                |               |              |              |              |               |                |
|--|----------------|---------------|--------------|--------------|--------------|---------------|----------------|
| Additions  | -              | -             | -            | -            | -            | 1,713         | 1,713          |
| Provisional 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)      |
| Forex  | 17,147         | -             | -            | -            | -            | 336           | 17,483         |
| <b>As at 31 December 2022 (as previously stated)</b> | <b>173,825</b> | <b>8,209</b>  | <b>2,027</b> | <b>5,938</b> | <b>3,611</b> | <b>20,847</b> | <b>214,457</b> |
| Price Purchase Allocation – JQG                      | (23,448)       | -             | -            | -            | -            | 2,805         | (20,643)       |
| Price Purchase Allocation – Goijens                  | (2,638)        | 2,516         | -            | -            | -            | -             | (122)          |
| <b>As at 31 December 2022 (as restated)</b>          | <b>147,739</b> | <b>10,725</b> | <b>2,027</b> | <b>5,938</b> | <b>3,611</b> | <b>23,652</b> | <b>193,692</b> |
| <b>As at 1 January 2023</b>                          | <b>147,739</b> | <b>10,725</b> | <b>2,027</b> | <b>5,938</b> | <b>3,611</b> | <b>23,652</b> | <b>193,692</b> |
| Additions  | -              | 1,114         | -            | 4            | -            | 1,739         | 2,857          |
| Reallocations  | -              | (77)          | (2,027)      | (122)        | (401)        | (6,490)       | (9,117)        |
| Provisional additions through business combination   | 23,685         | -             | -            | -            | -            | -             | 23,685         |
| Forex  | (1,087)        | -             | -            | 132          | -            | 1,225         | 270            |
| <b>As at 31 December 2023</b>                        | <b>170,337</b> | <b>11,762</b> | <b>-</b>     | <b>5,952</b> | <b>3,210</b> | <b>20,126</b> | <b>211,387</b> |
| <b>Depreciation</b>                                  |                |               |              |              |              |               |                |
| <b>As at 1 January 2022</b>                          | <b>-</b>       | <b>1,598</b>  | <b>1,641</b> | <b>5,367</b> | <b>373</b>   | <b>12,617</b> | <b>21,596</b>  |
| Charge for the year                                  | -              | 826           | 85           | 87           | 160          | 1,507         | 2,665          |
| Forex  | -              | -             | -            | -            | -            | 321           | 321            |
| <b>As at 31 December 2022</b>                        | <b>-</b>       | <b>2,424</b>  | <b>1,726</b> | <b>5,454</b> | <b>533</b>   | <b>14,445</b> | <b>24,582</b>  |
| <b>As at 1 January 2023</b>                          | <b>-</b>       | <b>2,424</b>  | <b>1,726</b> | <b>5,454</b> | <b>533</b>   | <b>14,445</b> | <b>24,582</b>  |
| Charge for the year                                  | -              | 1,079         | -            | 60           | 159          | 1,215         | 2,513          |
| Reallocations  | -              | -             | (1,726)      | -            | -            | (1,735)       | (3,461)        |
| Forex  | -              | -             | -            | 132          | -            | (427)         | (295)          |
| <b>As at 31 December 2023</b>                        | <b>-</b>       | <b>3,503</b>  | <b>-</b>     | <b>5,646</b> | <b>692</b>   | <b>13,498</b> | <b>23,339</b>  |
| <b>Net book value</b>                                |                |               |              |              |              |               |                |
| <b>As at 31 December 2022 (restated)</b>             | <b>147,739</b> | <b>8,301</b>  | <b>301</b>   | <b>484</b>   | <b>3,078</b> | <b>9,207</b>  | <b>169,110</b> |
| <b>As at 31 December 2023</b>                        | <b>170,337</b> | <b>8,259</b>  | <b>-</b>     | <b>306</b>   | <b>2,518</b> | <b>6,628</b>  | <b>188,048</b> |

An adjustment has been made to reflect the initial accounting for the acquisition of JQG and Goijens by the Company, being the elimination of the investment in JQG and Goijens against the non-monetary assets acquired and recognition of goodwill. In 2023, the Company determined the fair value of the net assets acquired pursuant to the acquisition of JQG and Goijens, via a Purchase Price Allocation ('PPA') exercise. For JQG, the PPA determined a decrease of £33.1 million of goodwill with the corresponding movement to uplift the value of the land and minerals and other intangibles, this is net off by a deferred tax liability on the PPA of £9.6 million. For Goijens, the PPA determined a decrease of £3.5 million of goodwill with the corresponding movement to uplift the value of the Customer relations and Land and Buildings, this is net off by a deferred tax liability on the PPA of £0.9 million. This adheres to the requirements of IFRS 3 and this adjustment has been made as a prior year adjustment.

In 2022, PPA adjustments were made to acquisitions in 2021, Nordkalk and BMix, during the measurement period and the adjustment of £235 million was made as a separate line item rather than as a prior year adjustment in line with IFRS 3. No adjustment has been made to align with IFRS 3 as any restatement would only affect comparative opening balances in this annual report and accounts such that the matter has no ongoing relevance. The Group didn't include provisional adjustments for the reduction in goodwill in the year ended 31 December 2021, which is when the assets were acquired, leaving the initial accounting for these assets incomplete as they were pending completion of the PPA during the measurement period. The Group refrains from making internal provisional adjustments to

goodwill given the subjectivity and difficulty in quantifying the potential uplifts. All PPA adjustments to goodwill are provided by an independent third party and are completed during the measurement period in line with IFRS 3.

The PPA for the acquisitions post July 2023, being Björka and ST Investicija, will be prepared within the measurement period.

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 acquisition 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.

### 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.

A total of eighteen operating segments are considered to be Ronez in the Channel Islands; Topcrete, Poundfield, CCP, Rightcast, Retaining, Harries and Johnston in the UK; CDH, Stone, GduH, B-Mix, Goijens and Betons in Belgium; and Quicklime, Nordics, Baltics and Poland in Northern Europe. The operating segments are then allocated to regions.

The Goodwill allocated to each region is shown below:

|  | 31 December 2023       |               |                        | 31 December 2022       |               |                        |
|--|------------------------|---------------|------------------------|------------------------|---------------|------------------------|
|  | North<br>West<br>£'000 | West<br>£'000 | North<br>East<br>£'000 | North<br>West<br>£'000 | West<br>£'000 | North<br>East<br>£'000 |
| Goodwill allocated to region at balance sheet date | 53,621                 | 23,200        | 93,516                 | 71,798                 | 20,400        | 81,627                 |
| Discount rate applied to cash flow projections     | 9.3%                   | 12.24%        | 11.17%                 | 10%                    | 10%           | 10%                    |
| Average EBITDA margin over 5 years                 | 23.1%                  | 22.9%         | 21.9%                  | 23.6%                  | 22.4%         | 21.1%                  |
| Headroom   | 157,640                | 37,963        | 261,047                | 139,705                | 66,291        | 129,296                |
| Long term growth rates                             | 2%                     | 2%            | 2%                     | 2%                     | 2%            | 2%                     |

### Key assumptions

The key assumptions used in performing the impairment review are set out below:

#### **Cash flow projections**

The key assumptions and methodology used in respect of the operating segments are consistent with those described above. The values applied to each of the key estimates and assumptions are specific to the individual operating segment and are based on past experience and forecast future trading conditions. The cash flows and terminal value were projected in line with the methodology disclosed above.

### **Long-term growth rates**

Cash flow projections are prudently based on 2 per cent (2022: 2 per cent) and therefore provides plenty of headroom.

### **Discount rate**

Forecast cash flows for each operating segment have been discounted at rates of 9.30 per cent to 12.24 per cent (2022: 10 per cent); 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. The table below identifies the amounts by which each of the following assumptions would decline or increase to arrive at a zero excess of the present value of future cash flows over the book value of net assets in the two operating segments selected for sensitivity analysis disclosures:

|                           |             |
|---------------------------|-------------|
| Reduction in cash flows   | 6.0% - 7.0% |
| Increase in discount rate | 2.0% - 3.7% |
| Reduction in growth rate  | 2.0%        |

This demonstrated that a 1.0% (2022: 1.0%) increase in the discount rate would not cause an impairment and the annual growth rate is assumed to be 2.0% (2022: 2.0%).

The Directors have therefore concluded that no impairment to goodwill is necessary.

## **18. Investment in Subsidiary Undertakings**

|  | Company             |                     |
|--|---------------------|---------------------|
|  | 31 December<br>2023 | 31 December<br>2022 |
|  | £'000               | £'000               |
| <b>Shares in subsidiary undertakings</b> |                     |                     |
| <b>At beginning of the year</b>          | <b>482,622</b>      | <b>435,085</b>      |
| Additions                                | 6,190               | 47,537              |
| Disposals                                | -                   | -                   |
| <b>At period end</b>                     | <b>488,812</b>      | <b>482,622</b>      |
| Loan to/(from) Group undertakings        | 78,493              | 100,799             |
| <b>Total</b>                             | <b>567,305</b>      | <b>583,421</b>      |

Investments in Group undertakings are stated at cost less impairment.

Details of subsidiaries at 31 December 2023 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             |
| Stone Service Center                   | 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                  |
| 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 |
| 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                  | England |             | £190        | Holding company                    |



|                                |           |          |  |                                    |
|--------------------------------|-----------|----------|--|------------------------------------|
| Limited                        |           |          |  |                                    |
| 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             |
| Nayles Barn Quarry Limited     | England   | £100     |  | Dormant                            |
| C B Collier Quarry Limited     | England   | £1       |  | Dormant                            |
| Gripeco BV                     | Belgium   | €284,762 |  | Concrete producer                  |
| Goijens Recycling NV           | Belgium   | €62,000  |  | Concrete producer                  |
| G&G Betonpompen BV             | Belgium   | €50,000  |  | Concrete producer                  |
| Retaining Holdings Limited     | England   | £67      |  | Holding company                    |
| Retaining (UK) Limited         | England   | £100     |  | Retaining wall system              |
| Geocast Ltd                    | England   | £100     |  | Retaining wall system              |
| Juuan Dolomiittikalkki Oy      | Finland   | €52,700  |  | Limestone quarrying and processing |
| ST Investicija UAB             | Lithuania | €2,900   |  | Limestone quarrying and processing |
| Compus UAB                     | Lithuania | €2,896   |  | Limestone quarrying and processing |
| Draseikiu Karjeras UAB         | Lithuania | €203,000 |  | Limestone quarrying and processing |
| Baltijos Karjerai UAB          | Lithuania | €12,876  |  | Limestone quarrying and processing |
| Karjeru Verslas UAB            | Lithuania | €61,712  |  | Limestone quarrying and processing |
| Kvykliu Karjeras UAB           | Lithuania | €102,500 |  | Limestone quarrying and processing |
| Björka Mineral AB              | Sweden    | €60      |  | Limestone quarrying and processing |

| <b>Name of subsidiary</b>              | <b>Registered office address</b>  |
|--|---|
| 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  |
| Nordkalk Oy Ab                         | Skräbbölenie 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              | Skräbböläentie 18, 21600 Parainen, Finland  |
| Nordeka Maden A.S              | Levent MH.Cömert Sk. Yapi Kredi Blokl.c Blok no.1 c/17<br>Besiktas                          |
| Baltic Aggregates Oy           | Skräbböläentie 18, FI-21600, Parainen, Finland  |
| NK – East Oy                   | Skräbböläentie 18, FI-21600, Parainen, Finland  |
| Nordkalk Ukraine TOV           | Ivana Makukha st. 14, 78000, Ivano-Frankivsk Oblast, Tlumach,<br>Ukraine                    |
| Nordkalk Prykarpattya TOV      | Galytska st 10, 7600 Ivano-Frankivsk, Ukraine   |
| Johnston Quarry Group Limited  | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| Building Stone Limited         | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| CSSL No.2 Limited              | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| Guiting Quarry Limited         | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| Bath Stone Group Limited       | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| Monks Park Minerals Limited    | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| Stoke Hill Minerals Limited    | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| The Bath Stone Company Limited | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| Hartham Park Minerals Limited  | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| Costwold Stone Sales Limited   | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| Flick Quarry Limited           | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| Creeton Quarry Limited         | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| Oathill Quarry Limited         | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| Ropsley Quarry Limited         | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| Rightcast Limited              | Unit W4 Junction 38 Business Park, Darton, Barnsley, South<br>Yorkshire, S75 5QQ            |
| Canteras La Belonga SA         | Oviedo, Cellagu-Latores, 33193, Spain   |
| Nayles Barn Quarry Limited     | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| C B Collier Quarry Limited     | Westfield Lodge Butchers Hill, Great Tew, Chipping Norton,<br>Oxfordshire, England, OX7 4AD |
| Gripeco BV                     | Industrieterrein Kanaal-Noord 1150, 3960 Bree, Belgium                                      |
| Goijens Recycling NV           | Industrieterrein Kanaal-Noord 1150, 3960 Bree, Belgium                                      |
| G&G Betonpompen BV             | Industrieterrein Kanaal-Noord 1150, 3960 Bree, Belgium                                      |
| Retaining Holdings Limited     | Hughes House, Cargo Fleet Road, Middlesbrough, United<br>Kingdom, TS3 6AG                   |
| Retaining (UK) Limited         | Hughes House, Cargo Fleet Road, Middlesbrough, United<br>Kingdom, TS3 6AG                   |
| Geocast Ltd                    | Hughes House, Cargo Fleet Road, Middlesbrough, United<br>Kingdom, TS3 6AG                   |
| Juuan Dolomiittikalkki Oy      | Onnipolku 1, 83900 Juuka, Finland   |

|                        |  |
|------------------------|--|
| ST Investicija UAB     | Raudondvario pl. 131B, Kaunas, Lithuania |
| Compus UAB             | Raudondvario pl. 131B, Kaunas, Lithuania |
| Draseikiu Karjeras UAB | Raudondvario pl. 131B, Kaunas, Lithuania |
| Baltijos Karjerai UAB  | Raudondvario pl. 131B, Kaunas, Lithuania |
| Karjeru Verslas UAB    | Raudondvario pl. 131B, Kaunas, Lithuania |
| Kvykliu Karjeras UAB   | Raudondvario pl. 131B, Kaunas, Lithuania |
| Björka Mineral AB      | Södra Tullgatan 3, 211 40 Malmö, Sweden  |

For the year ended 31 December 2023 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
- Retaining Holdings Limited
- Retaining (UK) Limited
- Geocast Ltd
- Nayles Barn Quarry Limited
- C B Collier Quarry Limited

## Impairment review

The performance of all companies for the year ended 31 December 2023 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.

The Group entered into a joint venture agreement partnering with Arcelor Mittal, to invest in green quicklime and dolime production in Dunkirk, which was entered into on 11 September 2022.

The Group has one non-material local associate in Pargas, Pargas Hyreshus Ab.

|                           | 31 December<br>2023 | 31 December<br>2022 |
|---------------------------|---------------------|---------------------|
|                           | £'000               | £'000               |
| Interests in associates   | 605                 | 576                 |
| Interest in joint venture | 6,448               | 5,942               |
|                           | <b>7,053</b>        | <b>6,518</b>        |

|                            |                                 | Proportion of<br>ownership interest<br>held |                        |
|----------------------------|---------------------------------|---|------------------------|
|                            |                                 | 31<br>December<br>2023                      | 31<br>December<br>2022 |
| <b>Name</b>                | <b>Country of incorporation</b> |   |                        |
| NorFraKalk AS              | Norway                          | 50%   | 50%                    |
| AMeLi Green Lime Solutions | France                          | 47.5%                                       | -                      |

## Summarised financial information

|  | 31<br>December<br>2023   | 31<br>December<br>2022   |
|--|--|--|
|  | £'000  | £'000  |
| <b>NorFraKalk AS - Cost and net book value</b> |  |  |
| Current assets                                 | 7,735  | 8,815  |
| Non-current assets                             | 10,078   | 7,338  |
| Current liabilities                            | (2,739)  | (3,388)  |
| Non-current liabilities                        | (4,651)  | (1,872)  |
|  | <b>10,423</b>  | <b>10,893</b>  |
|  |  |  |
|  | For the<br>period 1<br>January<br>2023 to 31<br>December<br>2023 | For the<br>period 1<br>September<br>2022 to 31<br>December<br>2022 |
|  | £'000  | £'000  |
| Revenues                                       | 15,903   | 20,055   |
| Profit after tax from continuing operations    | 1,372  | 1,602  |

## 20. Trade and Other Receivables

|                          | Consolidated  |               | Company      |              |
|--------------------------|---------------|---------------|--------------|--------------|
|                          | 31 December   | 31 December   | 31 December  | 31 December  |
|                          | 2023          | 2022          | 2023         | 2022         |
|                          | £'000         | £'000         | £'000        | £'000        |
| <b>Current asset</b>     |               |               |              |              |
| Trade receivables        | 85,033        | 78,879        | 3,690        | 2,555        |
| Prepayments              | 6,961         | 4,917         | 422          | 358          |
| Other receivables        | 7,040         | 3,009         | 1,220        | 255          |
|                          | <b>99,034</b> | <b>86,805</b> | <b>5,332</b> | <b>3,168</b> |
| <b>Non-current asset</b> |               |               |              |              |
| Other receivables        | 3,398         | 4,259         | -            | -            |
|                          | <b>3,398</b>  | <b>4,259</b>  | <b>-</b>     | <b>-</b>     |

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    | 31 December   | 31 December  | 31 December  |
|                   | 2023           | 2022          | 2023         | 2022         |
|                   | £'000          | £'000         | £'000        | £'000        |
| UK Pounds         | 22,013         | 21,479        | 5,052        | 3,168        |
| Euros             | 57,839         | 49,112        | -            | -            |
| Swedish Krona     | 15,240         | 13,945        | -            | -            |
| Zlotys            | 6,518          | 5,803         | -            | -            |
| Ukrainian Hryvnia | -              | -             | -            | -            |
| Turkish Lira      | 822            | 725           | -            | -            |
|                   | <b>102,432</b> | <b>91,064</b> | <b>5,052</b> | <b>3,168</b> |

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  |               |
|----------------------------------|---------------|---------------|
|                                  | 31 December   | 31 December   |
|                                  | 2023          | 2022          |
|                                  | £'000         | £'000         |
| <b>Cost and net book value</b>   |               |               |
| Raw materials and consumables    | 32,823        | 26,104        |
| Finished and semi-finished goods | 44,265        | 36,187        |
| Work in progress                 | 7,221         | 5,489         |
|                                  | <b>84,309</b> | <b>67,780</b> |

The amount recognised as change of value in inventory included in cost of sales was £9 million (31 December 2022: (£9 million)).

## 22. Cash and Cash Equivalents

| Consolidated | Company |
|--------------|---------|
|--------------|---------|

|                          | 31 December<br>2023 | 31 December<br>2022 | 31 December<br>2023 | 31 December<br>2022 |
|--------------------------|---------------------|---------------------|---------------------|---------------------|
|                          | £'000               | £'000               | £'000               | £'000               |
| Cash at bank and on hand | 55,872              | 68,623              | 7,925               | 5,055               |
|                          | <b>55,872</b>       | <b>68,623</b>       | <b>7,925</b>        | <b>5,055</b>        |

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:

|                   | Consolidated           |                        | Company                |                        |
|-------------------|------------------------|------------------------|------------------------|------------------------|
|                   | 31<br>December<br>2023 | 31<br>December<br>2022 | 31<br>December<br>2023 | 31<br>December<br>2022 |
|                   | '000                   | '000                   | '000                   | '000                   |
| UK Pounds         | 11,111                 | 8,536                  | 4,617                  | 1,576                  |
| Euros             | 37,308                 | 56,322                 | 3,308                  | 3,479                  |
| Swedish krona     | 4,938                  | 1,100                  | -                      | -                      |
| Zlotys            | 2,137                  | 2,479                  | -                      | -                      |
| Ukrainian Hryvnia | 43                     | 20                     | -                      | -                      |
| Turkish Lira      | 335                    | 166                    | -                      | -                      |
|                   | <b>55,872</b>          | <b>68,623</b>          | <b>7,925</b>           | <b>5,055</b>           |

## 23. Trade and Other Payables

|                                | Consolidated        |                     | Company             |                     |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                | 31 December<br>2023 | 31 December<br>2022 | 31 December<br>2023 | 31 December<br>2022 |
|                                | £'000               | £'000               | £'000               | £'000               |
| <b>Current liabilities</b>     |                     |                     |                     |                     |
| Trade payables                 | 78,572              | 69,907              | 15,184              | 2,964               |
| Wages Payable                  | 13,715              | 13,662              | -                   | 1,032               |
| Accruals                       | 46,120              | 39,627              | 15,462              | 4,475               |
| VAT payable/(receivable)       | 3,366               | 3,785               | (1,654)             | (12)                |
| Deferred consideration         | 8,887               | 5,873               | 3,865               | 4,243               |
| Other payables                 | 7,539               | 7,589               | 1,225               | 825                 |
|                                | <b>158,199</b>      | <b>140,443</b>      | <b>34,082</b>       | <b>13,527</b>       |
| <b>Non-Current liabilities</b> |                     |                     |                     |                     |
| Deferred consideration         | 8,208               | 5,051               | 5,260               | 5,051               |
|                                | <b>8,208</b>        | <b>5,051</b>        | <b>5,260</b>        | <b>5,051</b>        |

The carrying amounts of the Group and Company's trade and other payables are denominated in the following currencies:

|  | Consolidated        |                     | Company             |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 31 December<br>2023 | 31 December<br>2022 | 31 December<br>2023 | 31 December<br>2022 |
|  | '000                | '000                | '000                | '000                |

|                   |                |                |               |               |
|-------------------|----------------|----------------|---------------|---------------|
| UK Pounds         | 49,003         | 44,493         | 29,114        | 16,419        |
| Euros             | 80,349         | 69,579         | 9,908         | 2,159         |
| Swedish krona     | 26,712         | 21,523         | 320           | -             |
| Zlotys            | 10,029         | 9,663          | -             | -             |
| Ukrainian Hryvnia | 11             | 9              | -             | -             |
| Turkish Lira      | 303            | 227            | -             | -             |
|                   | <b>166,407</b> | <b>145,494</b> | <b>39,342</b> | <b>18,578</b> |

## 24. Borrowings

|                                   | Consolidated        |                     | Company             |                     |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                   | 31 December<br>2023 | 31 December<br>2022 | 31 December<br>2023 | 31 December<br>2022 |
|                                   | £'000               | £'000               | £'000               | £'000               |
| <b>Non-current liabilities</b>    |                     |                     |                     |                     |
| Syndicated Senior Credit Facility | 174,090             | 206,342             | 174,090             | 206,342             |
| Bank Loans                        | 5,986               | 2,617               | -                   | -                   |
| Finance lease liabilities         | 7,853               | 7,375               | -                   | -                   |
| IFRS 16 leases                    | 12,863              | 12,296              | -                   | 27                  |
|                                   | <b>200,792</b>      | <b>228,630</b>      | <b>174,090</b>      | <b>206,369</b>      |
| <b>Current liabilities</b>        |                     |                     |                     |                     |
| Syndicated Senior Credit Facility | 29,500              | 20,000              | 29,500              | 20,000              |
| Bank Loans                        | 1,209               | 6,500               | -                   | -                   |
| Finance lease liabilities         | 2,066               | 2,927               | -                   | -                   |
| IFRS 16 leases                    | 4,729               | 4,419               | 43                  | 72                  |
|                                   | <b>37,504</b>       | <b>33,846</b>       | <b>29,543</b>       | <b>20,072</b>       |

In July 2021, the Group entered into a new Syndicated Senior Credit Facility of up to £305 million (the 'Legacy Debt') led by Santander UK and including several major UK and European banks. The Legacy Debt, 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 Legacy Debt 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 2023 the Interest Margin was 2.35%.

On 22 November 2023 the Company entered into a new syndicated senior credit facility of up to €750 million (the 'New Debt Facilities') led by Santander UK and BNPP, with the syndicate including several major UK and European banks and a further €125 million bridge loan ('Bridge Loan'). The New Debt Facilities comprise a €600 million committed term facility, €150 million revolving credit facility and a further €100 million uncommitted accordion. The New Debt Facilities are conditional on the completion of the acquisition of the CRH Deal 1, following completion, the Legacy Debt will be repaid in full. As of 31 December 2023, the Group hadn't drawn any funds from the New Debt Facilities.

The carrying amounts and fair value of the non-current borrowings are:

**Carrying amount and fair  
value**

---



|                                   | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
|-----------------------------------|---------------------------------|---------------------------------|
| Syndicated Senior Credit Facility | 174,090                         | 206,342                         |
| Bank Loans                        | 5,986                           | 2,617                           |
| Finance lease liabilities         | 7,853                           | 7,375                           |
| IFRS 16 leases                    | 12,863                          | 12,296                          |
|                                   | <b>200,792</b>                  | <b>228,630</b>                  |

## Lease Liabilities

Lease liabilities are effectively secured, as the rights to the leased asset revert to the lessor in the event of default.

Leases which are entered into as a hire purchase agreement, or a finance lease is shown as finance leases.

|   | Consolidated                    |                                 |
|---|---------------------------------|---------------------------------|
|   | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
| <b>Finance lease liabilities – minimum lease payments</b> |                                 |                                 |
| Not later than one year                                   | 6,795                           | 7,346                           |
| Later than one year and no later than five years          | 15,647                          | 14,547                          |
| Later than five years                                     | 5,069                           | 5,124                           |
|   | <b>27,511</b>                   | <b>27,017</b>                   |
| Future finance charges on finance lease liabilities       | 4,466                           | 3,200                           |
| <b>Present value of finance lease liabilities</b>         | <b>31,977</b>                   | <b>30,217</b>                   |

For the year ended 31 December 2023, the total finance charges were £1 million (2022: £0.6 million)

The contracted and planned lease commitments were discounted using a weighted average incremental borrowing rate of 6.5%.

The present value of finance lease liabilities is as follows:

|   | Consolidated                    |                                 |
|---|---------------------------------|---------------------------------|
|   | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
| Not later than one year                           | 7,236                           | 7,566                           |
| Later than one year and no later than five years  | 16,664                          | 14,983                          |
| Later than five years                             | 5,398                           | 5,278                           |
| <b>Present value of finance lease liabilities</b> | <b>29,298</b>                   | <b>27,827</b>                   |

Reconciliation of liabilities arising from financing activities is as follows:

| Consolidated            |                          |                      |  |
|-------------------------|--------------------------|----------------------|--|
| Long-term<br>borrowings | Short-term<br>borrowings | Lease<br>liabilities | Liabilities<br>arising from<br>financing<br>activities |

|  | £'000          | £'000         | £'000         | £'000          |
|--|----------------|---------------|---------------|----------------|
| As at 1 January 2023                               | 208,959        | 26,500        | 27,017        | 262,476        |
| Increase/(decrease) through financing cash flows   | -              | (22,932)      | (9,118)       | (32,050)       |
| Increase from refinancing                          | -              | 549           | 4,515         | 5,064          |
| Amortisation of finance arrangement fees           | (1,085)        | -             | -             | (1,085)        |
| Increase through obtaining control of subsidiaries | -              | 135           | 836           | 971            |
| Transfer between classes                           | (25,673)       | 25,673        | -             | -              |
| Revaluation  | -              | -             | 4,673         | 4,673          |
| Foreign exchange movement                          | (2,125)        | 784           | (412)         | (1,753)        |
| <b>As at 31 December 2023</b>                      | <b>180,076</b> | <b>30,709</b> | <b>27,511</b> | <b>238,296</b> |

## 25. Provisions

|                                  | Consolidated     |                  |
|----------------------------------|------------------|------------------|
|                                  | 31 December 2023 | 31 December 2022 |
|                                  | £'000            | £'000            |
| As at 1 January                  | 10,697           | 10,175           |
| Acquired on business combination | 1,546            | 631              |
| Addition/(Deduction)             | 970              | (110)            |
|                                  | <b>13,213</b>    | <b>10,696</b>    |

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; £6.7 million 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, £242,000 is to cover the loss on the Holcim contract in GduH, £62,000 for legal fees, £1.69 million for other restructuring costs in the Nordkalk entities, £3.19 million is the provision for early retirement in Belgium, where salaried workers can qualify for early retirement based on age and £70,000 for early retirement in the Nordkalk entities. 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% (2022 8%) 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.

|   | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
|---|---------------------------------|---------------------------------|
| <b>Employee benefits amounts in the Statement of Financial Position</b> |                                 |                                 |
| Assets  | -                               | -                               |
| Liabilities   | 4,355                           | 3,543                           |
| <b>Net defined benefit liability at end of year</b>                     | <b>4,355</b>                    | <b>3,543</b>                    |

|  | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
|--|---------------------------------|---------------------------------|
| <b>Amounts recognised in the Statement of Financial Position</b> |                                 |                                 |
| Present value of funded defined benefit obligations              | 967                             | 2,468                           |
| Fair value of plan assets  | (153)                           | (2,071)                         |
|  | <b>814</b>                      | <b>397</b>                      |
| Present value of unfunded defined benefit obligation             | 3,541                           | 3,128                           |
| Unrecognised past service cost                                   | -                               | -                               |
| <b>Total</b>   | <b>4,355</b>                    | <b>3,543</b>                    |

|   | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
|---|---------------------------------|---------------------------------|
| <b>Amounts recognised in the Income Statement</b> |                                 |                                 |
| Current service cost                              | 152                             | 160                             |
| Interest cost                                     | 112                             | 47                              |
| Expected return on plan assets                    | 163                             | (127)                           |
| <b>Total pension expense</b>                      | <b>427</b>                      | <b>80</b>                       |

|   | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
|---|---------------------------------|---------------------------------|
| <b>Changes in the present value of the defined benefit obligation</b> |                                 |                                 |
| Defined benefit obligation at beginning of year                       | 3,543                           | 4,292                           |
| Current service cost  | 152                             | 160                             |
| Interest cost   | 112                             | 47                              |
| Benefits paid   | (354)                           | (317)                           |

|  |              |              |
|--|--------------|--------------|
| Remeasurements                                   | 163          | (127)        |
| Remeasurements in OCI                            | 978          | (844)        |
| Other significant events                         | (40)         | 249          |
| Foreign exchange movement                        | (199)        | 83           |
| <b>Defined benefit obligation at end of year</b> | <b>4,355</b> | <b>3,543</b> |

|   | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
|---|---------------------------------|---------------------------------|
| <b>Amounts recognised in the Statement of Changes in Equity</b>   |                                 |                                 |
| Prior year cumulative actuarial remeasurements  | -                               | 152                             |
| Remeasurements  | 978                             | (844)                           |
| Foreign exchange movement   | -                               | 54                              |
| <b>Cumulative amount of actuarial gains and losses recognised in the Statement of recognised income / (expense)</b> | <b>978</b>                      | <b>(638)</b>                    |

|   | 31<br>December<br>2023<br>£'000 | 31<br>December<br>2022<br>£'000 |
|---|---------------------------------|---------------------------------|
| <b>Movements in the net liability/(asset) recognised in the Statement of Financial Position</b> |                                 |                                 |
| Net liability in the balance sheet at beginning of year   | 3,543                           | 4,292                           |
| Total expense recognised in the income statement  | 264                             | 207                             |
| Contributions paid by the company   | (354)                           | (317)                           |
| Amount recognised in the statement of recognised (income)/expense                               | 163                             | (127)                           |
| Remeasurements in OCI   | 978                             | (844)                           |
| Other significant events  | (40)                            | 249                             |
| Foreign exchange movement   | (199)                           | 83                              |
| <b>Defined benefit obligation at end of year</b>  | <b>4,355</b>                    | <b>3,543</b>                    |

#### Principal actuarial assumptions as at 31 December 2023

|                         |       |
|-------------------------|-------|
| Discount rate           | 3.87% |
| Future salary increases | 2.93% |
| Future inflation        | 2.00% |

#### 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

|  | 31 December 2023         |                |
|--|--------------------------|----------------|
|  | Loans & receivables      | Total          |
|  | £'000                    | £'000          |
| <b>Assets per Statement of Financial Performance</b>           |                          |                |
| Trade and other receivables (excluding prepayments)            | 95,471                   | 95,471         |
| Cash and cash equivalents                                      | 55,872                   | 55,872         |
|  | <b>151,343</b>           | <b>151,343</b> |
|  | <b>At amortised cost</b> | <b>Total</b>   |
|  | <b>£'000</b>             | <b>£'000</b>   |
| <b>Liabilities per Statement of Financial Performance</b>      |                          |                |
| Borrowings (excluding finance leases)                          | 210,785                  | 210,785        |
| Finance lease liabilities                                      | 27,511                   | 27,511         |
| Trade and other payables (excluding non-financial liabilities) | 166,407                  | 166,407        |
|  | <b>404,703</b>           | <b>404,703</b> |

### Consolidated

|  | 31 December 2022         |                |
|--|--------------------------|----------------|
|  | Loans & receivables      | Total          |
|  | £'000                    | £'000          |
| <b>Assets per Statement of Financial Performance</b>           |                          |                |
| Trade and other receivables (excluding prepayments)            | 86,148                   | 86,148         |
| Cash and cash equivalents                                      | 68,623                   | 68,623         |
|  | <b>154,771</b>           | <b>154,771</b> |
|  | <b>At amortised cost</b> | <b>Total</b>   |
|  | <b>£'000</b>             | <b>£'000</b>   |
| <b>Liabilities per Statement of Financial Performance</b>      |                          |                |
| 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        |
|  | <b>407,971</b>           | <b>407,971</b> |

### Company

|  | 31 December 2023         |               |
|--|--------------------------|---------------|
|  | Loans & receivables      | Total         |
|  | £'000                    | £'000         |
| <b>Assets per Statement of Financial Performance</b>           |                          |               |
| Trade and other receivables (excluding prepayments)            | 4,909                    | 4,909         |
| Cash and cash equivalents                                      | 7,925                    | 7,925         |
|  | <b>12,834</b>            | <b>12,834</b> |
|  | <b>At amortised cost</b> | <b>Total</b>  |
|  | <b>£'000</b>             | <b>£'000</b>  |
| <b>Liabilities per Statement of Financial Performance</b>      |                          |               |
| Borrowings (excluding finance leases)                          | 203,589                  | 203,589       |
| Finance lease liabilities                                      | 43                       | 43            |
| Trade and other payables (excluding non-financial liabilities) | 39,345                   | 39,345        |

|                |                |
|----------------|----------------|
| <b>242,977</b> | <b>242,977</b> |
|----------------|----------------|

**Company**

**31 December 2022**

| <b>Assets per Statement of Financial Performance</b>           | <b>Loans &amp; receivables<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|--|------------------------|
| Trade and other receivables (excluding prepayments)            | 2,810                                    | 2,810                  |
| Cash and cash equivalents                                      | 5,055                                    | 5,055                  |
|  | <b>7,865</b>                             | <b>7,865</b>           |
|  | <b>At amortised cost<br/>£'000</b>       | <b>Total<br/>£'000</b> |
| <b>Liabilities per Statement of Financial Performance</b>      |  |                        |
| 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                 |
|  | <b>245,018</b>                           | <b>245,018</b>         |

**28. Share Capital and Share Premium**

|   | <b>Number of shares</b> | <b>Ordinary shares<br/>£'000</b> | <b>Share premium<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---|-------------------------|----------------------------------|--------------------------------|------------------------|
| <b>Issued and fully paid</b>                    |                         |                                  |                                |                        |
| <b>As at 1 January 2022</b>                     | <b>637,915,750</b>      | <b>6,379</b>                     | <b>399,897</b>                 | <b>406,276</b>         |
| Exercise of options & warrants – 4 January 2022 | 330,594                 | 3 4                              | 125 125                        | 129                    |
| <b>As at 31 December 2022</b>                   | <b>638,246,344</b>      | <b>6,383</b>                     | <b>400,022</b>                 | <b>406,405</b>         |
| <b>As at 1 January 2023</b>                     | <b>638,246,344</b>      | <b>6,383</b>                     | <b>400,022</b>                 | <b>406,405</b>         |
| Issue of new shares - 28 February 2023 (1)      | 55,555,555              | 556                              | 28,682                         | 29,238                 |
| Capital reduction – 23 May 2023                 | -                       | -                                | (428,704)                      | (428,704)              |
| <b>As at 31 December 2023</b>                   | <b>693,801,899</b>      | <b>6,939</b>                     | <b>-</b>                       | <b>6,939</b>           |

(1) Includes issue costs of £781,679

The authorised share capital consists of 1,114,854,530 ordinary shares at a par value of 1 penny.

On 23 February 2023, the Company raised £29.2 million net of issue costs via the issue and allotment of 55,555,555 new Ordinary Shares at a price of 54 pence per share.

On 23 May 2023, the Company undertook a capital reduction whereby the existing share premium and the deferred shares were cancelled.

**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:

|                   |                    |  | <b>Options &amp; Warrants</b>   |                                 |
|-------------------|--------------------|--|---------------------------------|---------------------------------|
|                   |                    |  | <b>31<br/>December<br/>2023</b> | <b>31<br/>December<br/>2022</b> |
| <b>Grant date</b> | <b>Expiry date</b> | <b>Exercise price in £ per<br/>share</b> | <b>#</b>                        | <b>#</b>                        |
| 5 January 2017    | 30 December 2026   | 0.25                                     | 260,146                         | 260,146                         |
| 5 January 2017    | 30 December 2026   | 0.40                                     | 11,878,645                      | 11,878,645                      |
| 15 April 2019     | 15 April 2026      | 0.46                                     | 9,030,934                       | 9,030,934                       |
| 30 December 2019  | 30 December 2026   | 0.46                                     | 7,943,058                       | 7,976,392                       |
|                   |                    |  | <b>29,112,783</b>               | <b>29,146,117</b>               |

The Company and Group have no legal or constructive obligation to settle or repurchase the options or warrants in cash.

The fair value of the share options and warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

|                         | <b>2017<br/>Options A</b> | <b>2017<br/>Options B</b> | <b>2019<br/>Options C</b> | <b>2019<br/>Options D</b> |
|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Vested on               | 5/1/2017                  | 5/1/2017                  | 15/4/2019                 | 30/12/2019                |
| 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 2023 is shown below:

#### Options and warrants

|   | <b>31 December 2023</b> |  | <b>31 December 2022</b> |  |
|---|-------------------------|--|-------------------------|--|
|   | <b>#</b>                | <b>Weighted<br/>average<br/>exercise<br/>price<br/>£</b> | <b>#</b>                | <b>Weighted<br/>average<br/>exercise<br/>price<br/>£</b> |
| <b>Outstanding at beginning of the year</b> | 29,146,117              | 0.44   | 30,200,045              | 0.45   |
| Granted                                     | -                       | -  | -                       | -  |
| Vested                                      | -                       | -  | -                       | -  |
| Exercised                                   | (33,334)                | 0.46   | (1,053,927)             | 0.44   |
| <b>Outstanding as at year end</b>           | <b>29,112,783</b>       | <b>0.44</b>  | <b>29,146,117</b>       | <b>0.44</b>  |
| <b>Exercisable at year end</b>              | <b>29,112,783</b>       | <b>0.44</b>  | <b>29,146,117</b>       | <b>0.44</b>  |

## LTIP awards

|   | 31 December 2023  |                                       | 31 December 2022  |                                       |
|---|-------------------|---------------------------------------|-------------------|---------------------------------------|
|   | #                 | Weighted average valuation price<br>£ | #                 | Weighted average valuation price<br>£ |
| <b>Outstanding at beginning of the year</b> | 25,620,000        | 0.69                                  | 25,620,000        | 0.69                                  |
| Granted                                     | -                 | -                                     | -                 | -                                     |
| Vested                                      | -                 | -                                     | -                 | -                                     |
| Exercised                                   | -                 | -                                     | -                 | -                                     |
| <b>Outstanding as at year end</b>           | <b>25,620,000</b> | <b>0.69</b>                           | <b>25,620,000</b> | <b>0.69</b>                           |
| <b>Exercisable at year end</b>              | <b>-</b>          | <b>-</b>                              | <b>-</b>          | <b>-</b>                              |

## 30. Other Reserves

|                                  | Consolidated             |                                     |                              |                          |   | Total<br>£'000  |
|----------------------------------|--------------------------|-------------------------------------|------------------------------|--------------------------|---|-----------------|
|                                  | Deferred shares<br>£'000 | Capital redemption reserve<br>£'000 | Revaluation reserve<br>£'000 | Capital reserve<br>£'000 | Foreign currency translation reserve<br>£'000 |                 |
| <b>As at 1 January 2022</b>      | <b>762</b>               | <b>600</b>                          | <b>1,037</b>                 | <b>-</b>                 | <b>(13,635)</b>                               | <b>(11,236)</b> |
| Other comprehensive income       | -                        | -                                   | 3,634                        | -                        | -   | 3,634           |
| Currency translation differences | -                        | -                                   | -                            | -                        | 17,176  | 17,176          |
| Other equity adjustments         | -                        | -                                   | -                            | 687                      | -   | 687             |
| <b>As at 31 December 2022</b>    | <b>762</b>               | <b>600</b>                          | <b>4,671</b>                 | <b>687</b>               | <b>3,541</b>                                  | <b>10,261</b>   |
| <b>As at 1 January 2023</b>      | <b>762</b>               | <b>600</b>                          | <b>4,671</b>                 | <b>687</b>               | <b>3,541</b>                                  | <b>10,261</b>   |
| Other comprehensive income       | -                        | -                                   | (5,506)                      | -                        | -   | (5,506)         |
| Currency translation differences | -                        | -                                   | -                            | -                        | (3,109)                                       | (3,109)         |
| Other adjustments                | (762)                    | -                                   | -                            | (255)                    | -   | (1,017)         |
| <b>As at 31 December 2023</b>    | <b>-</b>                 | <b>600</b>                          | <b>(835)</b>                 | <b>432</b>               | <b>432</b>                                    | <b>629</b>      |

## 31. Non-controlling interests

|   | Consolidated              |                           |
|---|---------------------------|---------------------------|
|   | 31 December 2023<br>£'000 | 31 December 2022<br>£'000 |
| <b>As at 1 January 2023</b>                             | <b>11,732</b>             | <b>10,894</b>             |
| Acquired in business combination                        | 616                       | 974                       |
| Non-controlling interests share of profit in the period | 3,184                     | 2,343                     |
| Dividends paid  | (1,275)                   | (3,038)                   |
| Foreign exchange movement                               | (114)                     | 559                       |
| <b>As at 31 December 2023</b>                           | <b>14,143</b>             | <b>11,732</b>             |

| 31 December 2023   |                    | 31 December 2022   |                    |
|--------------------|--------------------|--------------------|--------------------|
| Suomen Karbonaatti | Other individually | Suomen Karbonaatti | Other individually |
|                    |                    |                    |                    |



|                                       | immaterial subsidiaries |               | immaterial subsidiaries |               |
|---------------------------------------|-------------------------|---------------|-------------------------|---------------|
|                                       | £'000                   | £'000         | £'000                   | £'000         |
| Current assets                        | 18,762                  | 14,459        | 17,592                  | 12,427        |
| Non-current assets                    | 2,489                   | 23,612        | 3,348                   | 19,605        |
| Current liabilities                   | (4,919)                 | (8,442)       | (7,975)                 | (7,627)       |
| Non-current liabilities               | (7,807)                 | (6,082)       | (5,767)                 | (4,361)       |
| <b>Net Assets</b>                     | <b>8,525</b>            | <b>23,547</b> | <b>7,198</b>            | <b>20,044</b> |
| <b>Net Assets Attributable to NCI</b> | <b>4,192</b>            | <b>7,800</b>  | <b>3,527</b>            | <b>7,366</b>  |
| Revenue                               | 38,252                  | 32,062        | 37,760                  | 23,662        |
| Profit after taxation                 | 4,108                   | 3,705         | 3,294                   | 1,993         |
| Other comprehensive income            | -                       | -             | -                       | -             |
| <b>Total comprehensive income</b>     | <b>4,108</b>            | <b>3,705</b>  | <b>3,294</b>            | <b>1,993</b>  |
| Net operating cash flow               | 4,486                   | 5,081         | 4,196                   | 1,556         |
| Net investing cash flow               | (324)                   | (8,971)       | (679)                   | (2,782)       |
| Net financing cash flow               | (2,610)                 | 4,021         | (6,208)                 | 1,701         |
| Dividends paid to NCI                 | <b>1,275</b>            | -             | <b>3,038</b>            | -             |

### 32. Earnings Per Share

The calculation of the total basic earnings per share of 1.98 pence (2022: 4.89 pence) is calculated by dividing the profit attributable to shareholders of £13,534 million (2022: £31,238 million) by the weighted average number of ordinary shares of 684,973,893 (2022: 638,243,627) in issue during the period.

Diluted earnings per share of 1.90 pence (2022: 4.68 pence) is calculated by dividing the profit attributable to shareholders of £13,534 million (2022: £31,238 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 714,091,517 (2022: 667,430,527). The weighted average number of shares is the opening balance of ordinary shares plus the weighted average of 46,727,549 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.

Items which are categorised as Level 2 financial assets and liabilities are forward exchange contracts and these are valued using the year end exchange rate for the relevant currencies.

Carrying Amount

Fair value

|   | Fair value –<br>Hedging<br>instruments<br>£'000 | Fair value<br>through<br>P&L<br>£'000 | Fair value<br>through<br>OCI<br>£'000 | Financial<br>asset at<br>amortised<br>cost<br>£'000 | Other<br>financial<br>liabilities<br>£'000 | Total<br>£'000 | Level 1<br>£'000 | Level 2<br>£'000 | Total<br>£'000 |
|---|---|---------------------------------------|---------------------------------------|---|--|----------------|------------------|------------------|----------------|
| Forward exchange contracts                              | -   | 122                                   | 580                                   | -   | -  | 702            | -                | 702              | 702            |
| Electricity hedges                                      | -   | -                                     | 3,995                                 | -   | -  | 3,995          | 3,995            | -                | 3,995          |
| <b>Financials assets not measured at fair value</b>     |   |                                       |                                       |   |  |                |                  |                  |                |
| Trade and other receivables (excl. Derivatives)         | -   | -                                     | -                                     | 102,432   | -  | 102,432        | -                | -                | -              |
| Cash and cash equivalents                               | -   | -                                     | -                                     | 55,872  | -  | 55,872         | -                | -                | -              |
| <b>Financial liabilities measured at fair value</b>     |   |                                       |                                       |   |  |                |                  |                  |                |
| Forward exchange contracts                              | -   | 1,253                                 | 590                                   | -   | -  | 1,843          | -                | 1,843            | 1,843          |
| Electricity hedges                                      | -   | -                                     | 3,250                                 | -   | -  | 3,250          | 3,250            | -                | 3,250          |
| <b>Financial liabilities not measured at fair value</b> |   |                                       |                                       |   |  |                |                  |                  |                |
| Loans   | -   | -                                     | -                                     | -   | 210,786                                    | 210,786        | -                | -                | -              |
| Finance lease liability                                 | -   | -                                     | -                                     | -   | 27,510                                     | 27,510         | -                | -                | -              |
| Trade and other payables (excl. derivative)             | -   | -                                     | -                                     | -   | 166,406                                    | 166,406        | -                | -                | -              |

### 34. Business Combinations

#### *Nayles Barn Quarry Limited*

On 27 January 2023, the Group acquired 100 per cent. of the share capital of Nayles Barn Quarry Limited ('Nayles Barn') for cash consideration of £3.5 million. This was part of the deferred consideration from the JQG acquisition. Nayles Barn is registered and incorporated in England.

The following table summarises the consideration paid for Nayles Barn and the values of the assets and equity assumed at the acquisition date.

|  |              |
|--|--------------|
| <b>Total consideration</b>                                   | <b>£'000</b> |
| Net cash consideration                                       | 3,500        |
|  | <b>3,500</b> |
| <b>Recognised amounts of assets and liabilities acquired</b> | <b>£'000</b> |
| Trade and other receivables                                  | 15           |
| Property, plant & equipment                                  | 73           |
| Trade and other payables                                     | (771)        |
| Investment in Subsidiary                                     | 670          |
| <b>Total identifiable net assets</b>                         | <b>(13)</b>  |
| <b>Goodwill (refer to note 17)</b>                           | <b>3,513</b> |
| <b>Total consideration</b>                                   | <b>3,500</b> |

Since 27 January 2023 Nayles Barn hasn't contributed profit or revenue.

#### *Goijens*

On 31 January 2023, the Group acquired 100 per cent. of the share capital of Gripeco BV and its subsidiaries ('Goijens') for a cash consideration of €14 million. Goijens is registered and incorporated in Belgium. The principal activity is the operation of concrete plants.

The following table summarises the consideration paid for Goijens and the values of the assets and equity assumed at the acquisition date.

|  |               |
|--|---------------|
| <b>Total consideration</b>                                   | <b>£'000</b>  |
| Cash   | 12,144        |
|  | <b>12,144</b> |
| <b>Recognised amounts of assets and liabilities acquired</b> | <b>£'000</b>  |
| Cash and cash equivalents                                    | 1,904         |
| Trade and other receivables                                  | 2,175         |
| Investment in subsidiaries                                   | 713           |
| Inventories  | 233           |
| Property, plant & equipment                                  | 3,790         |
| Trade and other payables                                     | (1,499)       |
| Income tax payable   | (25)          |
| Borrowings   | (234)         |
| <b>Total identifiable net assets</b>                         | <b>7,057</b>  |
| <b>Goodwill (refer to note 17)</b>                           | <b>5,087</b>  |
| <b>Total consideration</b>                                   | <b>12,144</b> |

Since 31 January 2023, Goijens has contributed a profit of £1.3 million and revenue of £14.7 million. Had Goijens been consolidated from 1 January 2023, the consolidated statement of income would show additional loss of £0.1 million and revenue of £0.5 million.

### ***Juuan Dolomitik***

On 1 February 2023, the Group acquired 70 per cent. of the share capital of Juuan Dolomitik and its subsidiaries for a cash consideration of €1.83 million. Juuan Dolomitik is registered and incorporated in Finland. Juuan Dolomitik is a land improvement lime manufacturing company.

The following table summarises the consideration paid for Juuan Dolomitik and the values of the assets and equity assumed at the acquisition date.

|  |              |
|--|--------------|
| <b>Total consideration</b>                                   | <b>£'000</b> |
| Cash   | 530          |
| Deferred consideration                                       | 1,059        |
|  | <b>1,589</b> |
| <b>Recognised amounts of assets and liabilities acquired</b> | <b>£'000</b> |
| Cash and cash equivalents                                    | 794          |
| Trade and other receivables                                  | 361          |
| Inventories  | 93           |
| Property, plant & equipment                                  | 879          |
| Investment in Subsidiary                                     | 36           |
| Trade and other payables                                     | (79)         |
| Borrowings   | (29)         |
| Non-controlling interest                                     | (616)        |
| <b>Total identifiable net assets</b>                         | <b>1,439</b> |
| <b>Goodwill (refer to note 17)</b>                           | <b>150</b>   |
| <b>Total consideration</b>                                   | <b>1,589</b> |

Since 1 February 2023, Juuan Dolomitik has contributed a profit of £0.1 million and revenue of £1.5 million. Had Juuan Dolomitik been consolidated from 1 January 2023, the consolidated statement of income would show no additional profit and revenue of £0.2 million.

### **Retaining**

On 7 April 2023, the Group acquired 100 per cent. of the share capital of Retaining and its subsidiaries for a cash consideration of £2.45 million. Retaining is registered and incorporated in England. Retaining provides retaining wall solutions across the United Kingdom.

The following table summarises the consideration paid for Retaining and the values of the assets and equity assumed at the acquisition date.

|  |              |
|--|--------------|
| <b>Total consideration</b>                                   | <b>£'000</b> |
| Cash   | 2,450        |
|  | <b>2,450</b> |
| <b>Recognised amounts of assets and liabilities acquired</b> | <b>£'000</b> |
| Cash and cash equivalents                                    | 150          |
| Trade and other receivables                                  | 300          |
| Inventories  | 1,372        |
| Property, plant & equipment                                  | 396          |
| Trade and other payables                                     | (889)        |
| Income tax payable   | (46)         |
| Deferred tax liability                                       | (30)         |
| Borrowings   | (459)        |
| <b>Total identifiable net assets</b>                         | <b>794</b>   |
| <b>Goodwill (refer to note 17)</b>                           | <b>1,656</b> |
| <b>Total consideration</b>                                   | <b>2,450</b> |

Since 7 April 2023, Retaining has contributed a profit of £0.6 million and revenue of £4.2 million. Had Retaining been consolidated from 1 January 2023, the consolidated statement of income would show additional loss of £0.1 million and revenue of £1.4 million.

### **Björka Mineral**

On 31 July 2023, the Group acquired 100 per cent. of the share capital of Björka Mineral for a cash consideration of €14.7 million. Björka Mineral is registered and incorporated in Sweden. Björka Mineral is a leading supplier of high-grade limestone and dolomite powders.

The following table summarises the consideration paid for Björka Mineral and the values of the assets and equity assumed at the acquisition date.

|  |               |
|--|---------------|
| <b>Total consideration</b>                                   | <b>£'000</b>  |
| Cash consideration   | 9,543         |
| Equity contributions   | 468           |
| Deferred consideration                                       | 2,982         |
|  | <b>12,993</b> |
| <b>Recognised amounts of assets and liabilities acquired</b> | <b>£'000</b>  |
| Cash and cash equivalents                                    | 104           |
| Trade and other receivables                                  | 2,043         |
| Inventories  | 1,849         |
| Property, plant & equipment                                  | 6,964         |
| Intangible assets  | 11            |
| Trade and other payables                                     | (1,756)       |

|  |               |
|--|---------------|
| Income tax refund                              | 112           |
| Deferred tax liability                         | (179)         |
| Borrowings                                     | (5,619)       |
| Provisions                                     | (1,554)       |
| <b>Total identifiable net assets</b>           | <b>1,975</b>  |
| <b>Provisional goodwill (refer to note 17)</b> | <b>11,018</b> |
| <b>Total consideration</b>                     | <b>12,993</b> |

Since 31 July 2023, Björka Mineral has contributed a profit of £0.7 million and revenue of £5.5 million. Had Björka Mineral been consolidated from 1 January 2023, the consolidated statement of income would show additional profit of £0.1 million and revenue of £7.3 million.

### **ST Investicija**

On 12 July 2023, the Group acquired 100 per cent. of the share capital of ST Investicija and its subsidiaries for a cash consideration of €4.3 million. ST Investicija is registered and incorporated in Lithuania. ST Investicija operates three quarries in Lithuania.

The following table summarises the consideration paid for ST Investicija and the values of the assets and equity assumed at the acquisition date.

|  |              |
|--|--------------|
| <b>Total consideration</b>                                   | <b>£'000</b> |
| Cash   | 3,714        |
|  | <u>3,714</u> |
| <b>Recognised amounts of assets and liabilities acquired</b> | <b>£'000</b> |
| Cash and cash equivalents                                    | 753          |
| Trade and other receivables                                  | 694          |
| Inventories  | 230          |
| Investments  | 14           |
| Property, plant & equipment                                  | 899          |
| Trade and other payables                                     | (517)        |
| Income tax payable   | (82)         |
| Deferred tax liability                                       |              |
| Borrowings   | (490)        |
| Provisions   | (48)         |
| <b>Total identifiable net assets</b>                         | <b>1,453</b> |
| <b>Provisional goodwill (refer to note 17)</b>               | <b>2,261</b> |
| <b>Total consideration</b>                                   | <b>3,714</b> |

Since 12 July 2023, ST Investicija has contributed a profit of £0.4 million and revenue of £1.9 million. Had Retaining been consolidated from 1 January 2023, the consolidated statement of income would show additional profit of £0.3 million and revenue of £1.6 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:

|                                     | <b>Company</b>  |                 |
|-------------------------------------|-----------------|-----------------|
|                                     | <b>31</b>       | <b>31</b>       |
|                                     | <b>December</b> | <b>December</b> |
|                                     | <b>2023</b>     | <b>2022</b>     |
|                                     | <b>£'000</b>    | <b>£'000</b>    |
| Ronez Limited                       | (27,152)        | (22,764)        |
| SigmaGsy Limited                    | (9,013)         | (7,663)         |
| SigmaFin Limited                    | 21,885          | 20,549          |
| Topcrete Limited                    | (11,179)        | (10,346)        |
| Poundfield Products (Group) Limited | 5,012           | 5,356           |
| Foelfach Stone Limited              | 594             | 557             |
| CCP Building Products Limited       | 5,311           | 4,586           |
| Carrières du Hainaut SCA            | 16,799          | 14,948          |
| GDH (Holdings) Limited              | 11,435          | 10,035          |
| B-Mix Beton NV                      | 10,349          | 8,013           |
| Stone Holdings SA                   | 409             | 384             |
| Nordkalk Oy Ab                      | 43,062          | 70,196          |
| Johnston Quarry Group               | 12,604          | 7,747           |
| Rightcast Limited                   | (1,117)         | (799)           |
| Retaining (UK) Limited              | (506)           | -               |
|                                     | <b>78,493</b>   | <b>100,799</b>  |

Loans granted to or from subsidiaries are unsecured, have interest charged at 6.5% 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 4 January 2024 the Company:

- raised gross proceeds of approximately £200 million through the issue of 421,052,631 new Ordinary Shares at a price of 47.5 pence per share;
- refinanced its senior debt with a new €875 million finance facility; and
- completed the acquisitions of Fels Holding GmbH and its subsidiaries, Vapenka Vitošov s.r.o. and Clogrennane Lime Limited for an aggregate consideration of €745 million before customary purchase price deductions. Financial information for each entity acquired shown below:

#### ***Fels Holdings GmbH***

On 4 January 2024, the Group acquired 100 per cent. of the share capital of Fels Holding GmbH ('Fels') and its subsidiaries for a cash consideration of €500.7 million. Fels is registered and incorporated in Germany. Fels is a lime producer with the key operations of extracting limestone from quarries as well further processing the limestone.

The following table summarises the consideration paid for Fels and the values of the assets and equity assumed at the acquisition date.

|                            |              |
|----------------------------|--------------|
| <b>Total consideration</b> | <b>£'000</b> |
| Initial cash               | 249,876      |

|                              |                |
|------------------------------|----------------|
| Deferred settlement          | (8,675)        |
| Purchase of shareholder loan | 128,059        |
| Deferred consideration       | 65,060         |
|                              | <b>434,320</b> |

|  |                |
|--|----------------|
| <b>Recognised amounts of assets and liabilities acquired</b> | <b>£'000</b>   |
| Cash and cash equivalents                                    | 26,928         |
| Trade and other receivables                                  | 26,103         |
| Inventories  | 22,134         |
| Property, plant & equipment                                  | 447,811        |
| Intangible assets  | 122,619        |
| Intercompany borrowings                                      | (128,273)      |
| Trade and other payables                                     | (55,302)       |
| Income tax payable   | (5,384)        |
| Deferred tax liability                                       | (93,120)       |
| Borrowings   | (10)           |
| Provisions   | (43,841)       |
| <b>Total identifiable net assets</b>                         | <b>319,665</b> |
| <b>Provisional goodwill</b>                                  | <b>114,655</b> |
| <b>Total consideration</b>                                   | <b>434,320</b> |

### ***Vapenka Vitošov s.r.o***

On 4 January 2024, the Group acquired 75 per cent. of the share capital of Vapenka Vitošov s.r.o ('Vapenka') for a cash consideration of €85.8 million. Vapenka is registered and incorporated in the Czech Republic. Vapenka is a lime producer with the key operations of extracting limestone from quarries as well further processing the limestone.

The following table summarises the consideration paid for Vapenka and the values of the assets and equity assumed at the acquisition date.

|                            |               |
|----------------------------|---------------|
| <b>Total consideration</b> | <b>£'000</b>  |
| Cash                       | 74,388        |
|                            | <b>74,388</b> |

|  |               |
|--|---------------|
| <b>Recognised amounts of assets and liabilities acquired</b> | <b>£'000</b>  |
| Cash and cash equivalents                                    | 2,951         |
| Trade and other receivables                                  | 5,266         |
| Inventories  | 4,434         |
| Property, plant & equipment                                  | 64,446        |
| Intangible assets  | 13,375        |
| Trade and other payables                                     | (4,617)       |
| Income tax payable   | (748)         |
| Deferred tax liability                                       | (12,394)      |
| Borrowings   | (8)           |
| Provisions   | (442)         |
| <b>Total identifiable net assets</b>                         | <b>72,263</b> |
| <b>Provisional goodwill</b>                                  | <b>2,125</b>  |
| <b>Total consideration</b>                                   | <b>74,388</b> |

### ***Clogrennane Lime Limited***

On 4 January 2024, the Group acquired 100 per cent. of the share capital of Clogrennane Lime Limited ('Clogrennane') for a cash consideration of €58.2 million. Clogrennane is registered and incorporated in Ireland. Clogrennane is a lime producer with the key operations of extracting limestone from quarries as well further processing the limestone.

The following table summarises the consideration paid for Clogrennane and the values of the assets and equity assumed at the acquisition date.

|  |               |
|--|---------------|
| <b>Total consideration</b>                                   | <b>£'000</b>  |
| Cash   | 50,517        |
|  | <b>50,517</b> |
| <b>Recognised amounts of assets and liabilities acquired</b> | <b>£'000</b>  |
| Cash and cash equivalents                                    | 8,523         |
| Trade and other receivables                                  | 3,671         |
| Inventories  | 2,609         |
| Property, plant & equipment                                  | 9,327         |
| Trade and other payables                                     | (4,265)       |
| Income tax payable   | (1,215)       |
| Deferred tax liability                                       | (986)         |
| Borrowings   | (1)           |
| <b>Total identifiable net assets</b>                         | <b>17,663</b> |
| <b>Provisional goodwill</b>                                  | <b>32,854</b> |
| <b>Total consideration</b>                                   | <b>50,517</b> |

On 4 March 2024, the Company issued notice of exercise of the call option, entered on 22 November 2023, to acquire the UK lime operations of CRH plc for a total consideration of €155 million. Completion is expected by the end of March 2024.