Sigma Roc

Interim Report and Unaudited Financial Statements for the Six Month Period Ended 30 June 2021

SigmaRoc PLC

2021

Registered number: 05204176
Registered address: 7-9 Swallow Street, London W1B 4DE

Sigma Roc

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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Highlights

Financial Highlights[1]

UNDERLYING[1] REVENUE		UNDERLYING[1] EBITDA	
£84.8m		£15.2m	
+55.5%	30 June 2020: £54.5m	+39.8%	30 June 2020: £10.9m
UNDERLYING[1] PROFIT BEFORE TAX		**UNDERLYING[1] EPS**	
£8.7m		2.68p	
+63.8%	30 June 2020: £5.3m	+35.4%	30 June 2020: £1.98p
CASH AND CASH EQUIVALENTS			
£19.9m			
+15.4%	30 June 2020: £17.3m		

[1] Underlying results are stated before acquisition related expenses, certain finance costs, redundancy and reorganisation costs, impairments, amortisation of acquisition intangibles and share option expense. References to an underlying profit measure throughout this interim report are defined on this basis.

Operational Highlights

- Strong H1 2021 despite challenges continuing from the COVID-19 pandemic
- Strong cash position due to profit generation and effective cash management, with cash at £19.9m as at 30 June 2021
- Revenue on a pro-forma adjusted basis 13% ahead of prior year
- EBITDA on a pro-forma adjusted basis 17% ahead of prior year
- Launch of Greenbloc, cement-free ultra-low carbon concrete block
- Expansion of Belgian aggregates operations
- Acquisition of B-Mix and creation of new European Platforms
- Joint venture agreement signed with Carrières du Boulonnais
- Conditionally agreed to acquire Nordkalk via reverse takeover

Company Information

Directors

David Barrett (Executive Chairman)

Max Vermorken (Chief Executive Officer)

Dean Masefield (Chief Financial Officer)

Garth Palmer (Non-Executive Director)

Simon Chisolm (Independent Non-Executive Director)

Jacques Emsens (Independent Non-Executive Director)

Tim Hall (Non-Executive Director)

Company Secretary

Westend Corporate LLP

Registered Office

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London
W1B 4DE

Company Number

05204176

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W1K 3SQ

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Peel Hunt LLP
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EC2Y 5ET

Independent Auditor

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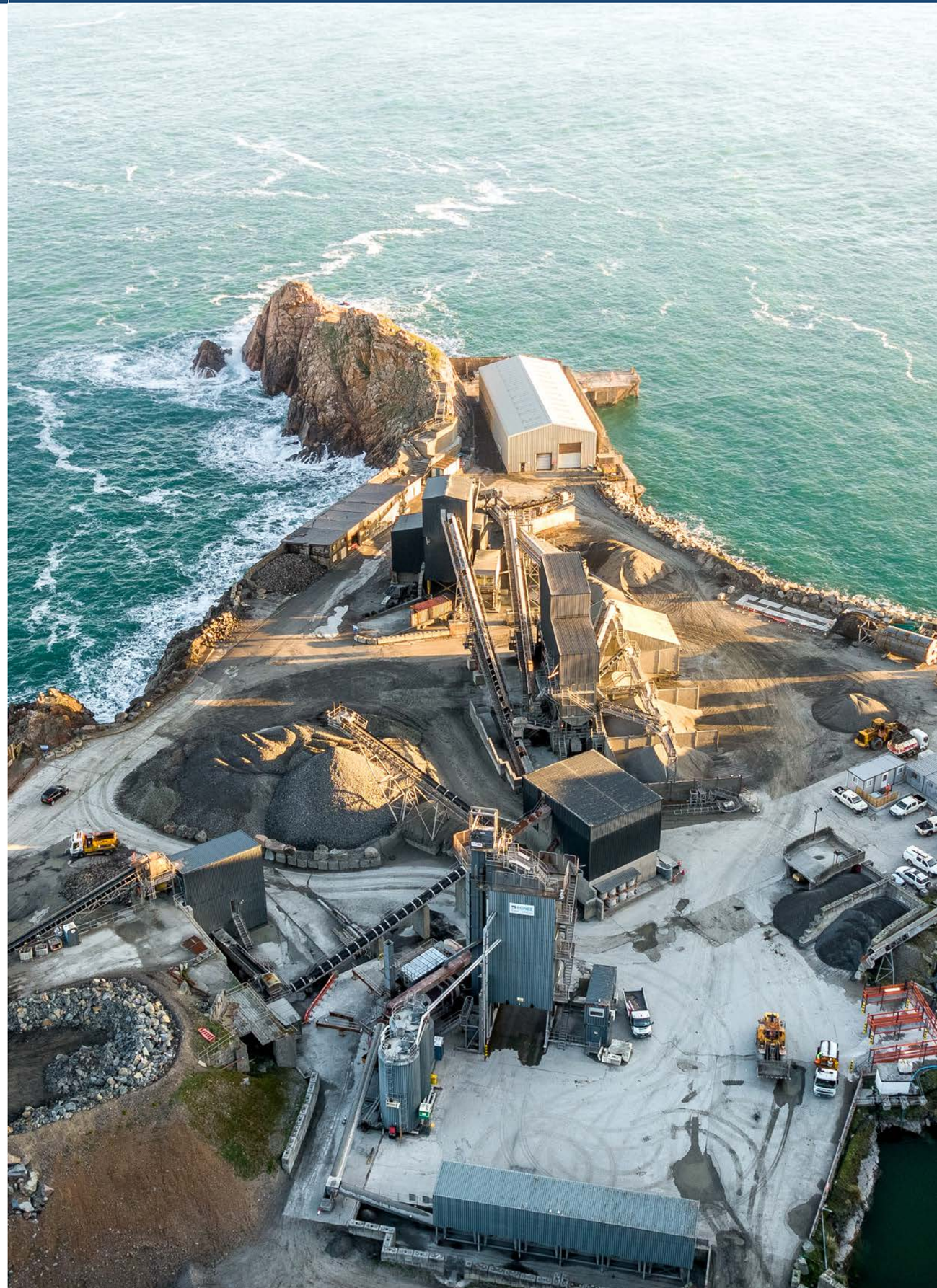


Executive Statement

A busy first six months of this year, where we have continued to deliver an effective operational response to the ongoing disruption caused by the COVID-19 pandemic. The measures and preparation that we put in place early last year, and which we continue to implement as necessary, have ensured that we remain able to keep our workforce, our customers and our suppliers safe. At the same time we have delivered a strong financial performance as well as seeing a number of exciting developments in the expansion of the Group.

The Group reported underlying revenue of £84.8 million, representing a 56 per cent. year-on-year increase, and an underlying EBITDA of £15.2 million, being an uplift of 40 per cent. year-on-year. Underlying profit before tax was £8.7 million and underlying EPS was 2.68p. Revenue and underlying EBITDA have increased in part due to the inclusion of G.D. Harries which was equity accounted in the prior comparative period, together with the acquisition of B-Mix and Casters in April 2021.

The strong trading performance and continuation of careful and effective cash management strategies has led to a strong cash position at 30 June 2021 of £19.9 million, after the acquisition of the Belgian concrete assets for total consideration of €13 million. The Group's Adjusted Leverage Ratio, after the deployment of the funds raised in December 2020, stands at 1.71x compared to 1.69x at the end of 2020.

Subsequent to the half-year point, in July 2021 we announced the proposed acquisition of Nordkalk, constituting a reverse takeover, together with a successful placing of 305.9 million shares at 85 pence per share. This acquisition is a great stepping stone in the evolution of the Group and we expect it will bring significant earnings growth, cash generation and further opportunities.

Post-Period Announcements

Max Vermorken

Chief Executive Officer

"The acquisition of Nordkalk, Northern Europe's leading limestone products company, is a great steppingstone in the evolution of our Group, expanding our footprint across Northern European markets. We are purchasing a high-quality business at the right point in the cycle and at an attractive valuation. Nordkalk meets all our stringent investment criteria as a self-contained and asset backed business which will bring the Group significant earnings growth. We look forward to helping Nordkalk and its experienced management team on its path to continued success as we perpetuate its 120-year history, name and success."

Acquisition of Nordkalk

In July 2021, SigmaRoc conditionally agreed to acquire the entire issued capital of Nordkalk Oy Ab, Northern Europe's leading limestone producer from Rettig Group based on a total consideration of approximately €470 million subject to certain adjustments including in respect of cash, debt and working capital (approximately £402 million). The acquisition will constitute a reverse takeover under the AIM Rules.

Rationale for the agreement

Nordkalk presents a compelling investment case and is a unique opportunity to accelerate the growth of SigmaRoc. Founded in 1898, it is one of Europe's prime limestone products operators, having cemented, over the years, strong market positions in the highly desirable Northern European cluster. Nordkalk's well invested and strategically located asset base is properly positioned to competitively supply all key pockets of demand of the jurisdictions it operates in. The Company has developed a diversified offering across a wide range of end applications.

Nordkalk's seasoned management team has demonstrated its ability to significantly expand margins over the last two and a half years, through a bespoke operational transformation program aimed at maximising profits out of lasting tailwinds and supportive secular trends.

The integration of Nordkalk creates a series of opportunities for SigmaRoc to further roll-out its proven "Invest, Improve, Integrate, Innovate" model and expand through bolt-on acquisitions. As a long-term minded owner, Nordkalk's sites will continue to be developed through platform integration to ensure optimal geographical reach, while maximising synergies and cross selling.

Under the stewardship of Rettig Group, its custodian for the past 20 years, not only has Nordkalk showcased its long-term commitment to sustainability and environmental protection, but also its engrained culture of innovation through a series of value-added solutions that have consistently been brought to market year over year. The latter is a testament of its longstanding partnership with its customers.

Following completion, Nordkalk will form SigmaRoc's sixth platform and add a core limestone products stream to the Group. Abiding by SigmaRoc's successful and decentralised operating principle of "federation of companies", Nordkalk's senior management team will remain in place under the leadership of Paul Gustavsson, who will join the Group's Executive Committee.

Aquisition of Nordkalk

The acquisition will be consummated through a reverse takeover under the AIM Rules. Rettig Group will become a meaningful shareholder in SigmaRoc with a c. 8 per cent. stake and has agreed to a twelve-month share lock-in followed by a further twelve-month orderly market arrangement.

Enlarged Group Outlook and Trading Update

SigmaRoc generated underlying revenue of £84.8 million and underlying EBITDA of £15.2 million in the six months to 30 June 2021 (unaudited), representing a like-for-like* increase of 13 per cent. and 17 per cent. respectively over the same period in 2020. Nordkalk generated revenue of €144.6 million (approximately £126.5 million) and EBITDA of €36.0 million (approximately £31.3 million), representing an increase of 8 per cent. and 17 per cent. respectively over the same period in 2020. SigmaRoc underlying earnings per share for the six month period ended 30 June 2021 was 2.68 pence.

*Like-for-like comparatives are adjusted to include pre-acquisition results of subsequently acquired businesses.

Finance Team Post Acquisition

Following completion of the acquisition, Garth Palmer will be appointed CFO, with overall responsibility for the Enlarged Group. Garth previously held the position of CFO and Executive Director on a part-time basis from the inception of SigmaRoc until April 2020, and has been a Non-Executive Director since then.

Dean Masefield will step down from his position as CFO. Having played an instrumental part in guiding SigmaRoc through the recent challenging times, Dean will remain with the Group as Deputy CFO. He will be responsible for overseeing the existing Platforms in the Channel Islands, UK and Belgium.

The current CFO of Nordkalk, Marcel Gestranius, will remain in this role reporting to Paul Gustavsson CEO Nordkalk, as well as having additional reporting responsibilities to Garth as the CFO of the Enlarged Group.

About Nordkalk

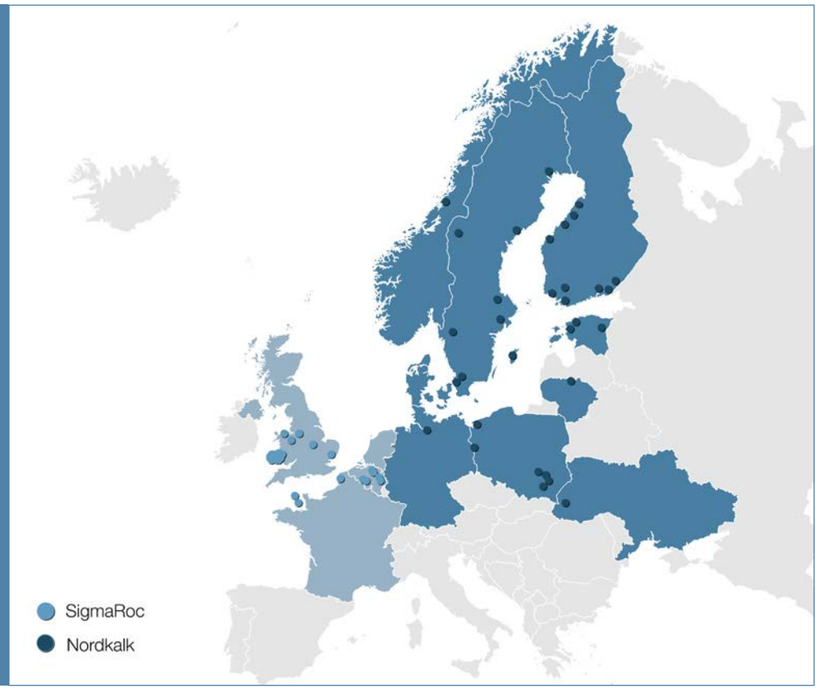
Nordkalk was established in 1898 as a limestone developer in Finland and has since expanded across Northern Europe to become the leading limestone company in the region. In 2020, Nordkalk employed approximately 817 people and operated 23 quarrying sites (of which four are currently dormant) in six countries. Nordkalk operates at more than 30 different locations across Finland, Sweden, Norway, Poland, Estonia, Germany and Turkey, with its main sites and the majority of its €276 million revenue in 2020 being derived from markets in Finland (49 per cent.), Sweden (23 per cent.) and Poland (22 per cent.). Nordkalk's main products are crushed limestone, limestone powder, quicklime, hydrated lime and Wollastonite.

817
employees

23
quarrying sites

276
millions turnover

10
countries



The Management Team

Paul Gustavsson
CEO

Paul Gustavsson, from Sweden, has been Chief Executive Officer at Nordkalk since he first joined the company in 2019. He implemented the NICO program at Nordkalk.

Gustavsson has a Masters degree in Industrial Engineering and Management. He previously worked at Britax Group Ltd as the Group CEO.

Marcel Gestranius
CFO, Deputy CEO

Marcel Gestranius, also from Sweden,is the Chief Financial Officer at Nordkalk and has been working for the company since 1998. He previously acted as the CEO of Nordkalk.

Prior to that, Gestranius was in various leadership positions for over 20 years: group controller, financial director, division controller, head of administration, ICT coordinator.

The Limestone Production at Nordkalk

The Uses of Limestone

Construction
Limestone is the most widely used building material in the world. It is used as a raw material in building materials. Lime is used for soil stabilisation, aggregates in road construction and limestone fillers in asphalt.

Metals and mining
Limestone and lime are used in various processes in metals, mining and steel industries.

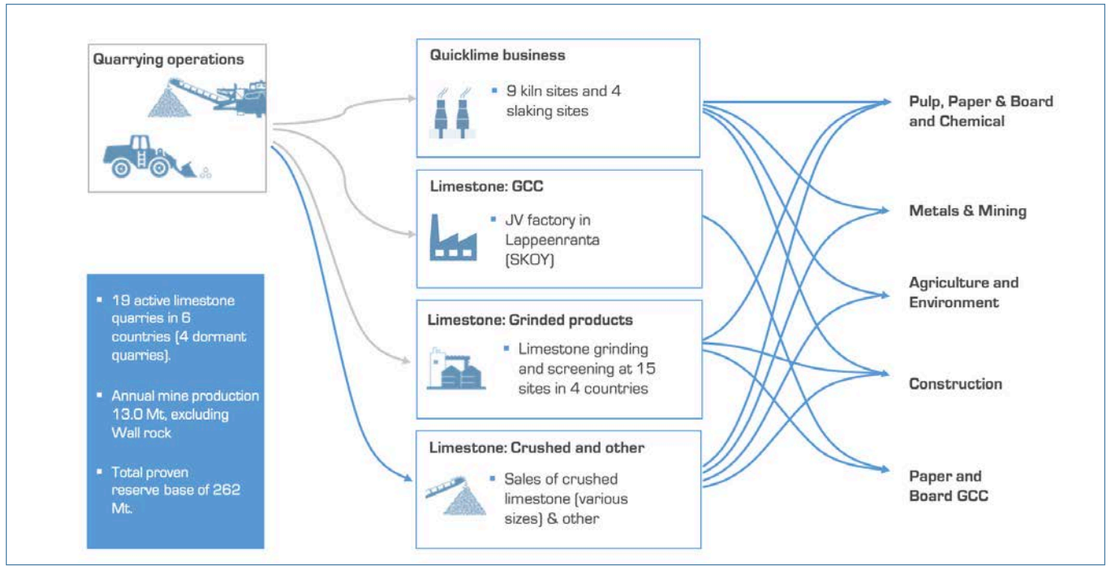
Pulp and paper
Lime is used in pulp industry's causticising cycle. Limestone is used in paper pigments PCC (Precipitated Calcium Carbonate) and GCC (Ground Calcium).

Agriculture
Limestone is needed to adjust the pH value of the soil and making it optimal for growing plants. It is also included in fodder for poultry and livestock.

Environment
Increased environmental demands require more advanced technology and purification of emissions to air, water and soil. Limestone is used for all of these processes.

Chemical industry
Limestone is used in chemical products, plastic, rubber, paints and coatings, fertilizers, adhesives, glass and ceramics, and sugar.

Limestone Value Chain



The History of Nordkalk

1898
Incorporation of joint-stock company, Pargas Kalkbergs Aktiebolag ('PKA'), established in Pargas. The name was later changed to Partek. Nordkalk remained part of the Partek group until February 2003.

1907
Rettig Group acquires shares in PKA

1910
Operations begin in Lappeenranta, Finland

1980s
Nordkalk expands into Sweden and becomes the leading producer in the Nordic region.

1990s
Nordkalk expands into Estonia and Poland and becomes the leading producer around the Baltic Sea.

2000s
Nordkalk becomes the leading producer in Northern Europe.

2003
Nordkalk becomes an independent company, owned by private equity led Capman and Ahlström Capital (26 per cent. each), with Rettig Group retaining a minority stake.

2006
Capman sold its 26 per cent. stake in Nordkalk to Rettig Group and Ahlström Capita

2007
Commencement of operations at NorFraKalk joint venture in Norway

2009
Ahlström Capital sells its shareholding, with Rettig Group becoming the largest shareholder, holding approximately 49 per cent. of Nordkalk's equity alongside a group of industrial and institutional investors.

2010
In August 2010, Rettig Group acquired full ownership of Nordkalk

2017
Nordkalk expands operations through Nordeka Maden joint venture in Eskibalikli, Turkey

2019
Paul Gustavsson appointed CEO, reorganisation and efficiency enhancement programme initiated

Business Review

STRATEGIC REPORT

Operating Performance

As noted in the executive statement, the Group has reported a strong financial performance in the first six months of 2021 notwithstanding the ongoing COVID-19 pandemic backdrop.

Ronez had a strong start to the year. Whilst there was a snap lockdown of 4 weeks in Guernsey in the early part of 2021, this was mitigated by exceptional demand in Jersey. A number of sizeable residential projects in Jersey demanded large concrete volumes, and the Jersey road reconstruction programme also continued to be busy, leading to asphalt volumes above expectations. The second quarter saw a rebalancing of demand between Jersey and Guernsey, with a 'bounce-back' in Guernsey in both the residential and commercial development sectors.

SigmaPPG, which specialises in manufacturing precast concrete products, had strong demand for its products during the first six months of 2021.The three businesses within the SigmaPPG platform all performed well, despite challenges faced during the period regarding raw material supply and scarcity of transport. Allen Concrete has seen very strong volumes in line with the positive trend in the RMI market, CCP has added additional production capacity to meet increased demand, and all divisions in Poundfield are performing well with production now commenced at an additional factory in Wrexham. Greenbloc has been rolled out across CCP and Poundfield, and in the second half of the year we anticipate significant developments on several major UK-wide projects which we will announce as and when appropriate.

Carrières du Hainaut had a subdued start to the year primarily due to freezing weather conditions in February, but increasing productivity in the second quarter has yielded strong results. Bluestone sales volumes have been above target and demand continues to be strong in the core markets of Belgium, Netherlands, France and Germany.

Our Benelux platform, created at the start of the second quarter of 2021 and comprising Granulats du Hainaut, Stone, B-Mix and Casters, is progressing well. Granulats du Hainaut took control of the LafargeHolcim quarrying operations located at Carrières du Hainaut and, with fast and efficient operational and administrative integration, is performing in line with expectations. The B-Mix acquisition has seen the successful integration of Casters, and is delivering volumes and results in line with targets.

G.D. Harries commenced the year with strong sales in January. New key staff were appointed early in the year and margins are beginning to show improvement. Major plant improvements have been implemented at three of the sites, and G.D. Harries is the first company in Wales to achieve approval for a new Welsh Government SMA Surface Course Material.

Safety

We continue to have the safety and well-being of our colleagues at the forefront of the business. As we emerge from the worldwide COVID-19 pandemic we continue to maintain strict controls in the workplace to protect our colleagues and visitors and to maintain compliance with government guidance. It is through our teams' vigilance and dedication to the health of our staff that we have controlled infections in the workplace, even as society is starting to open up and infection levels rising again. It is testament to the efforts of everyone within the business that infections have been controlled and that there has been negligible business disruption as a result.

The successful inhouse development and implementation of our Health and Safety App – HighVizZ as the Group reporting platform means that all Incidents, Near Hits, Hazards, TBT, Safety Conversations and Audits are now captured and managed using the App and software. We also continuously monitor a range of leading indicator metrics across the Group. Allied to this, and to help promote positive Health and Safety engagement we undertook a Health and Safety Climate survey canvassing the opinions of all employees from managing directors to shopfloor workers. The results of the survey reflect managements' encouragement of a good reporting culture and have demonstrated a sound basis of trust between management and workers.

In addition to promoting a strong reporting culture and positive workforce Health and Safety engagement we also drive continuous improvement, and each site is tasked with delivering its own site improvement plan to cover not only Health and Safety but also environment and operational efficiency improvements.

We will continue to develop our Health and Safety plan with our teams, building on workplace engagement through our health and safety committees, utilising housekeeping audits, and building competence in near hit awareness, reporting and investigation, all of which will continue to develop and strengthen our health and safety culture.

Invest, Improve, Integrate and Innovate

In April 2021, we deployed the funds raised in December 2020 for the acquisition of B-Mix and Casters for a total consideration of €13 million. In aggregate, these concrete businesses generated turnover of €22 million, EBITDA of €3.3 million and a net profit of €1.5 million in the year ended 31 December 2020. These acquisitions operate four concrete plants, located along key waterways, and are immediately enhancing to the Group's underlying earnings.

Alongside these acquisitions we entered into an option agreement with Jabo N.V. granting us the right to acquire 11 hectares of quayside industrial land in Tessenderlo, Belgium, for a consideration of €9 million (the 'Option). The land subject to the Option includes 260m of quayside along the Albert Canal, one of the busiest national shipping lanes in Belgium, which houses the B-Mix concrete business, as well as a significant unutilised area.

We established a new European construction materials platform to include Granulats du Hainaut (see 'Organic development' section), Stone Holdings, B-Mix and Casters. Subsequently we signed a joint venture agreement with major Calais based high grade limestone and construction materials company, Carrières du Boulonnais (part of Groupe Carrières du Boulonnais) whereby Carrières du Boulonnais became a 25 per cent. shareholder in Granulats du Hainaut, with the aim of expanding Granulats du Hainaut into a Benelux and Northern France-wide supplier of limestone products. As part of the joint venture agreement, Carrières du Boulonnais has agreed to co-fund the new crushing and screening installations planned to be built by 2024 at Granulat du Hainaut's aggregate operations at Carrières du Hainaut.

Following the completion of our acquisition of G.D. Harries in September 2020, we appointed a new Managing Director in 2021 and we are currently in the process of reviewing all of the operations in South Wales with a view to improving and developing further efficiencies and synergies across the business.

In July 2021, we announced the proposed acquisition of Nordkalk, constituting a reverse takeover, together with a successful placing of 305.9 million shares at 85 pence per share. This acquisition is discussed further below in the 'Outlook' section.

Organic Development

In the first quarter of 2021, we entered into an agreement to assume control of LafargeHolcim's quarrying operations which are co-located at Carrières du Hainaut. Prior to entering this agreement, the production and commercialisation of the approximately 1.5 million tonnes of standard construction aggregates produced at CDH was undertaken by LafargeHolcim, under an inefficient royalty deal which was due to end in February 2023. The agreement gives the Group full control over the production assets at CDH, enabling us to drive operational efficiencies over time as well as generating an estimated incremental EBITDA of €1 million per annum.

During this same period, the Group incorporated a new subsidiary and launched a new brand for its quarrying operations – Granulats du Hainaut – with these operations forming a large network of quarries in Belgium including the Group's three existing Stone Holdings sites. Following this, we separated our European heavy-side materials operations into two separate platforms: CDH continues as a Europe-wide dimension stone platform, with a turnover of approximately €44 million per year, and a new integrated concrete and construction aggregates platform was created to include Granulats du Hainaut, Stone Holdings, B-Mix and Casters with sales of approximately €36 million per year.

We continue to review all of our existing assets with an ongoing view to developing efficiencies and synergies that further development the strength and performance of the Group.

Environmental, Social and Governance (ESG)

In February 2021, we launched the UK's first cement free ultra-low carbon concrete building block under a new brand, Greenbloc. The Greenbloc range is completely cement free and provides a significant net reduction in embodied CO_2 ('eCO2") of 77 per cent. per concrete block. This leads to an average reduction of 1.1kg of eCO_2 per concrete block and an average reduction of 2.7 tonnes of eCO2 per average semi-detached house. The product is produced at our PPG Platform ('PPG') at its various production facilities. Subsequently we confirmed that, from January 2022, PPG will offer ultra-low carbon cement free products for its entire product portfolio, thus extending the Greenbloc range. In doing so, it becomes the first precast products producer in the UK to make this commitment and transition.

We have launched a new SigmaRoc Share Incentive Plan ('SIP') whereby eligible employees of the Group can contribute from salary to purchase Partnership shares, providing an opportunity for eligible employees to share in the development of the Group.

We have committed to a sustainability framework relevant to our size and industry following review of global frameworks such as TCFD, SASB and FTSE Russell and our Annual Report, released in April 2021, provided our first year of SECR reporting.

In South Wales, we continue to focus on the development and implementation of changes to the production processes to enable the reduced consumption of raw materials to improve long term sustainability and reduction in the carbon footprint.

In Belgium, we have installed a further 9,670 ground-mounted solar panels at the operations in Soignies. Together with the existing solar array the operations there will produce 4 million kWh per year, decreasing the annual CO_2 emissions by 1,000 tonnes and allow it to source 30 per cent. of electricity consumption from renewable sources.

Corporate

Our 2020 annual results were released in April 2021 and in May 2021 we held our Annual General Meeting with all resolutions being passed.

Outlook

The Group has delivered strong results despite the ongoing COVID-19 situation. Our decentralised business model continues to allow us to respond quickly to necessary changes, whether localised or otherwise.

With the expansion of our Belgian aggregates operations and the acquisition of B-Mix and Casters, alongside the Greenbloc offering and ongoing efficiency improvements in South Wales, we were already well positioned to further develop and build the Group. The joint venture agreement with Carrières du Boulonnais provides a major step forward in the Benelux and North French markets from a strategic, technical and financial point of view.

In July 2021, we announced that we have conditionally agreed to acquire the entire issued share capital of Nordkalk, a wholly-owned subsidiary of Rettig Group for a total consideration of approximately €470 million (approximately £402 million). At the same time, we announced we would be raising funds via a placing and subsequently we raised approximately £260 million conditionally via a placing of 305,882,352 new ordinary shares at a price of 85 pence per share. We also provided our private and other investors the opportunity to participate on the same terms, via a retail offer, and this conditionally raised additional gross proceeds of approximately £1.6 million via the subscription of 1,880,301 new ordinary shares.

The consideration for the acquisition of Nordkalk will be satisfied by a combination of €270 million (approximately £231 million) from the placing, the drawdown of €150 million (approximately £128 million) under a new £305 million banking facility and the issue of €50 million (approximately £43 million) new ordinary shares to Rettig at the placing price. The acquisition comprises a reverse takeover and as such was conditional upon Shareholder approval which was granted at the general meeting of the Company on 2 August 2021.

Nordkalk was established in 1898 as a limestone developer in Finland and has since expanded across Northern Europe to become the leading limestone company in the region. It develops limestone-based solutions for agricultural, construction and chemical industries and its main products are crushed limestone, limestone powder, quicklime and hydrated lime. Nordkalk generated €67 million underlying EBITDA and €61 million net operating cash flow for the year ended 31 December 2020 and has achieved EBITDA margins in excess of 15 per cent. for the last 15 years, with an underlying FY2020 EBITDA margin of 24.2 per cent. The acquisition is expected to be significantly earnings enhancing in its first full year of ownership and the consideration represents a purchase price of 7x underlying FY20 EBITDA.

We believe that the acquisition will represent the cornerstone for a new Northern Europe business platform, offering immediate scale and revenue diversification.

There are significant benefits of this acquisition for the "Enlarged Group". We would be targeting organic revenue growth of approximately 5 per cent. per annum, EBITDA margins in excess of 20 per cent. and return on invested capital of approximately 15 per cent. We would have a strong balance sheet with net debt expected to be less than 2x FY2021 pro forma EBITDA. It would result in us becoming a market-leading quarried materials group in Northern Europe, operating across six platforms, with 37 quarries and 76 operations across 13 countries, pro forma total assets of £740 million, over 1 billion tonnes of Reserves and Resources, and approximately 1,760 employees.

We will benefit from significant operational experience via the retention of Nordkalk's management team, bringing over 60 years' experience in operating and maintaining assets in the sector.

We also sought shareholder approval to implement the LTIP to ensure alignment of management and Shareholders' interests which was approved at the General Meeting. This plan is subject to meeting certain EPS growth and total shareholder return criteria, with first vesting attainable following the financial year end 31 December 2023.

The Enlarged Group is expected to be significantly cash generative with a targeted cash conversion ratio of approximately 95 per cent. delivered from a continued disciplined approach to working capital management, with CapEx expected to be below depreciation, resulting in a free cash flow target for the Enlarged Group of £60 million per annum. We estimate that there are approximately 9,000 minerals producers and over 15,000 production sites located in the key countries that we are targeting, where there is currently a significant opportunity for consolidation and expansion of the Enlarged Group's European footprint and mineral resource base.

David Barrett
Executive Chairman

Max Vermorken
Chief Executive Officer

Dean Masefield
Chief Financial Officer

20 August 2021

Timeline

February

Release of 2020 full year trading update. Launch of Greenbloc, the UK's first cement free ultra-low carbon concrete building block.

March

Expansion of Belgian aggregates operations with an agreement to assume control of LafargeHolcim's quarrying operations.

April

Publication of annual results. Acquisition of B-Mix and Casters. Establishment of a second European heavy side construction materials platform.

May

Q1 trading update issued Trading update released. AGM held, all resolutions passed. SigmaRoc Share Incentive Plan launched.

June

Announcement that PPG will offer ultra-low carbon cement free products for its entire portfolio. Joint venture agreement signed with Carrières du Boulonnais, part of Groupe Carrières du Boulonnais.

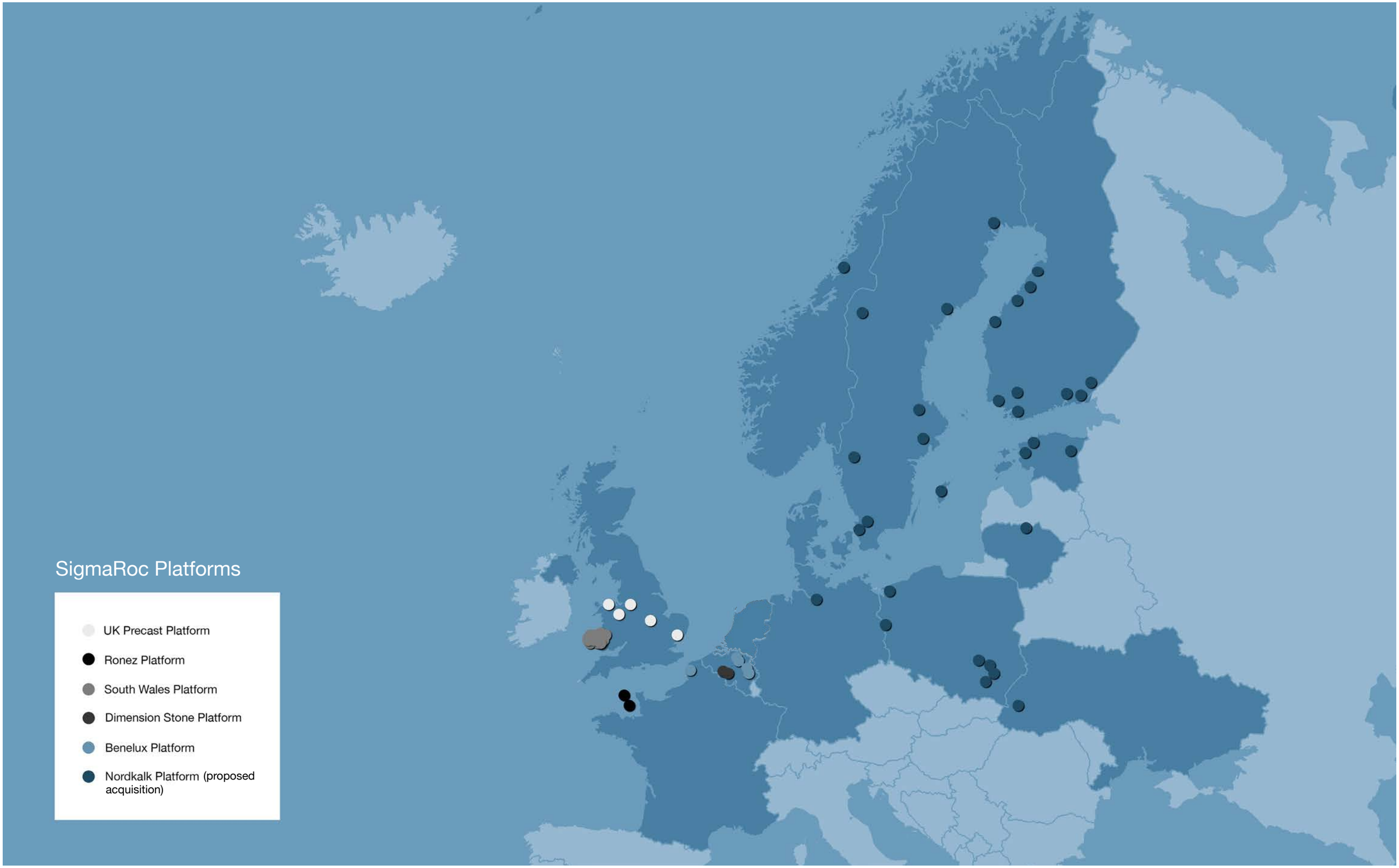
July

Proposed acquisition of Nordkalk announced, constituting a reverse takeover. Successful conditional placing of 305.9 million shares at 85 pence per share, raising approximately £260 million. Retail offer offer conditionally raised additional gross proceeds of approximately £1.6 million via the subscription of 1.9 million shares.

August

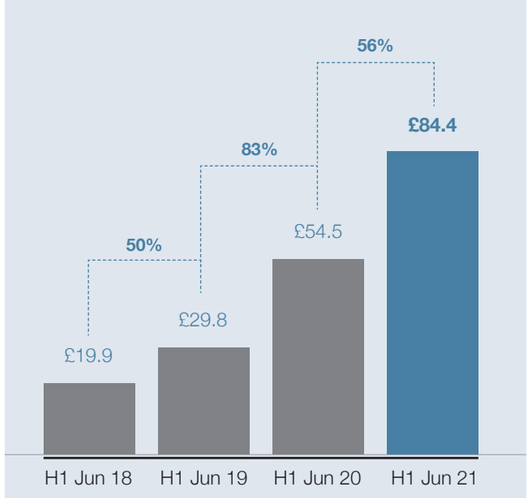
Shareholder approval received for the acquisition of Nordkalk, together with shareholder approval for the allotment of the Placing Shares, Consideration Shares and the Retail Shares. Interim results published.

Map of all assets

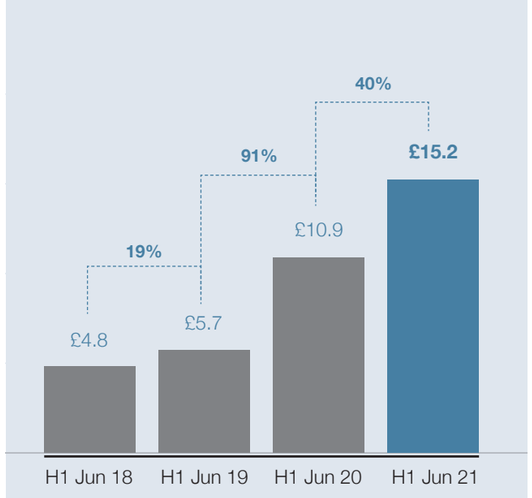


SigmaRoc's Key Measures and Statistics

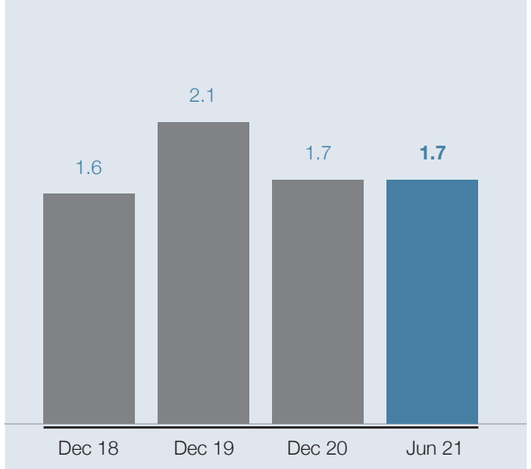
Revenue (£m)



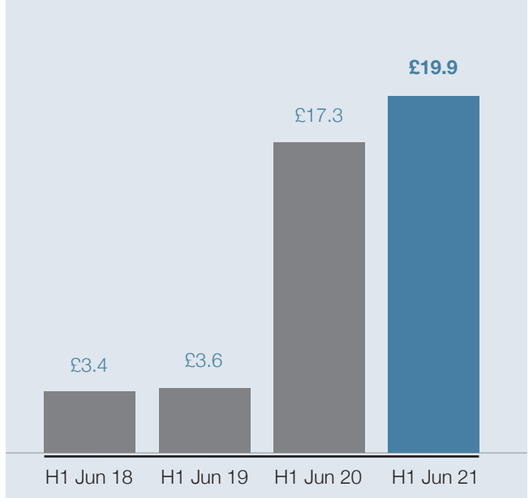
Underlying EBITDA (£m)



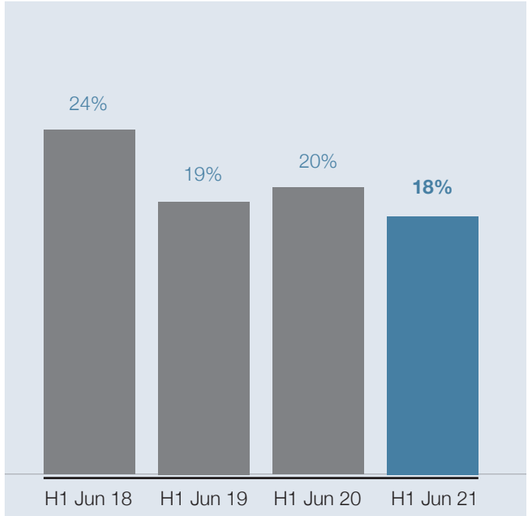
Leverage Ratio (net debt to underlying EBITDA) (£m)



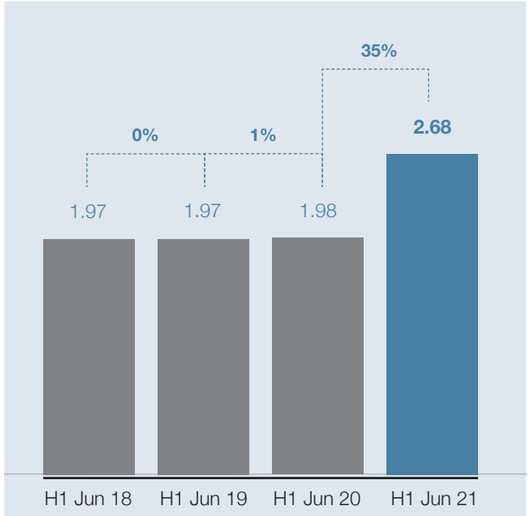
Cash (£m)



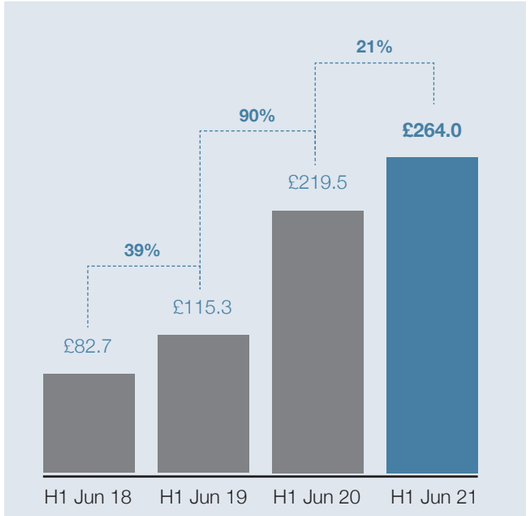
Underlying EBITDA margins (%)



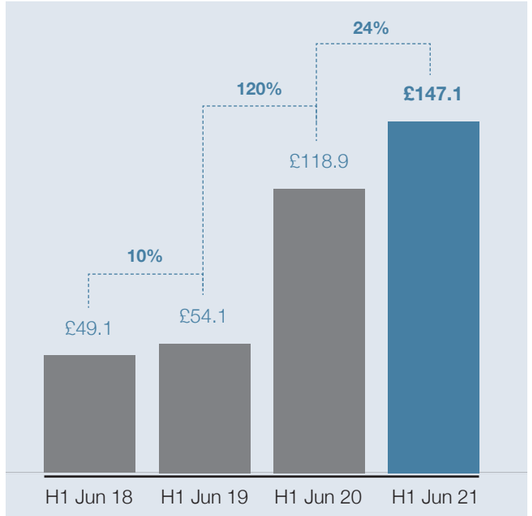
Underlying EPS (£p)



Total Assets (£m)



Tangible Assets (£m)



Definitions

'Interim Accounts'
the consolidated Financial Statements of the Group for the six-month period ended 30 June 2021

'Adjusted Leverage Ratio'
the comparison of net debt to Underlying EBITDA for the last six months adjusted for pre-acquisition earnings of subsidiaries acquired during the year

'AGM'
the annual general meeting of the Company

'Allen' or 'Allen Concrete'
Topcrete Limited and its subsidiary undertakings, including Allen (Concrete) Limited

'Articles'
the Company's Articles of Association

'Benelux Platform'
the Group's concrete and construction aggregates platform covering the Benelux market including Granulats du Hainaut, Stone, B-Mix and Casters

'Board' or 'Directors'
The board directors of the Company, being the existing Directors, proposed Directors or both, as the context may require

'B-Mix'
group of companies acquired in March 2021 comprising B-Mix Beton NV, J&G Overslag en Kraanbedrijf BV and Top Pomping NV

'Capex'
capital expenditure on property, plant and equipment

'Carrières du Hainaut' or 'CDH'
CDH Développement SA and its subsidiary undertakings, including Carrières du Hainaut SCA

'Casters'
Caster Beton NV

'CEO'
Chief Executive Officer of the Company occupied by Max Vermorken

'CFO'
Chief Financial Officer of the Company occupied by Dean Masefield

'Cheshire Concrete Products' or 'CCP'
CCP Building Products Limited and its subsidiary undertakings

'Company' or 'SigmaRoc'
SigmaRoc plc

'Coronavirus', 'COVID-19' or the 'pandemic'
coronavirus (COVID-19) infectious disease and its pandemic outbreak

'EBITDA'*
earnings before interest, tax, depreciation and amortisation

'Enlarged Group'
the Group as enlarged by the acquisition of Nordkalk

'EPS'
earnings per share

'Financial Statements'
the consolidated income statement, consolidated statement of comprehensive income, statements of financial position, consolidated statement of changes in equity, Company statement of changes in equity, cash flow statements and the accompanying notes to the financial statements

'Foelfach'
Foelfach Stone Limited

'G.D. Harries'
GDH (Holdings) Limited and its subsidiary undertakings including Gerald D. Harries & Sons Limited

'General Meeting' or 'GM'
the General Meeting of the Company held at 11am on 2 August 2021 whereby Shareholders approved the acquisition of Nordkalk, allotment of shares in connection with the placing and the LTIP

'Greenbloc'
the Group's cement free ultra-low carbon precast product range

'Group'
the Company and its subsidiary undertakings

'JV'
joint venture

'LIBOR'
London Interbank Offered Rate

'LTIFR'
lost time injury frequency rate

'LTIP'
the long term incentive plan which was adopted by the Company following Shareholder approval at the GM

'MD'
Managing Director of business or platform

'Nordkalk'
Nordkalk Oy Ab

'Ordinary Shares'
the ordinary shares of 1 penny each in the capital of the Company

'Poundfield' or 'Poundfield Products'
Poundfield Products (Group) Limited and its subsidiary undertakings, including Poundfield Products Limited

'PPA'
purchase price allocation

'QCA Code'
Quoted Companies Alliance's Corporate Governance Code

'RCF'
revolving credit facility

'Rettig'
Rettig Group Oy Ab

'Ronez'
Ronez Limited and its subsidiary undertakings

'Ronez Platform'
the Group's construction materials platform covering the Channel Islands market including Ronez and SigmaGsy

'Santander'
Santander plc

'Shareholder'
a holder of Ordinary Shares

'SigmaGsy'
SigmaGsy Limited

'SigmaPPG' or 'PPG Platform'
the Group's precast concrete products platform covering the UK market including Allen, Poundfield and CCP

'South Wales Platform' or 'SW Platform'
the Group's construction materials platform covering the Southern Welsh market including GDH and Foelfach

'Stone' or 'Stone Holdings'
Stone Holdings S.A and its subsidiary Philippe Cuvelier S.A

'UK'
United Kingdom

'Underlying'
Underlying results are stated before acquisition related expenses, certain finance costs, redundancy and reorganisation costs, impairments, amortisation of acquisition intangibles and share option expense. References to an underlying profit measure throughout this Interim Report are defined on this basis

'USA'
United States of America

*These measures are not defined by International Reporting Standards (IFRS) and therefore may not be directly comparable to similar measures adopted by other companies. These alternative performance measures should be considered in addition to and are not intended to be a substitute for, or superior to, IFRS measures but provide useful information on the performance of the group and underlying trends.

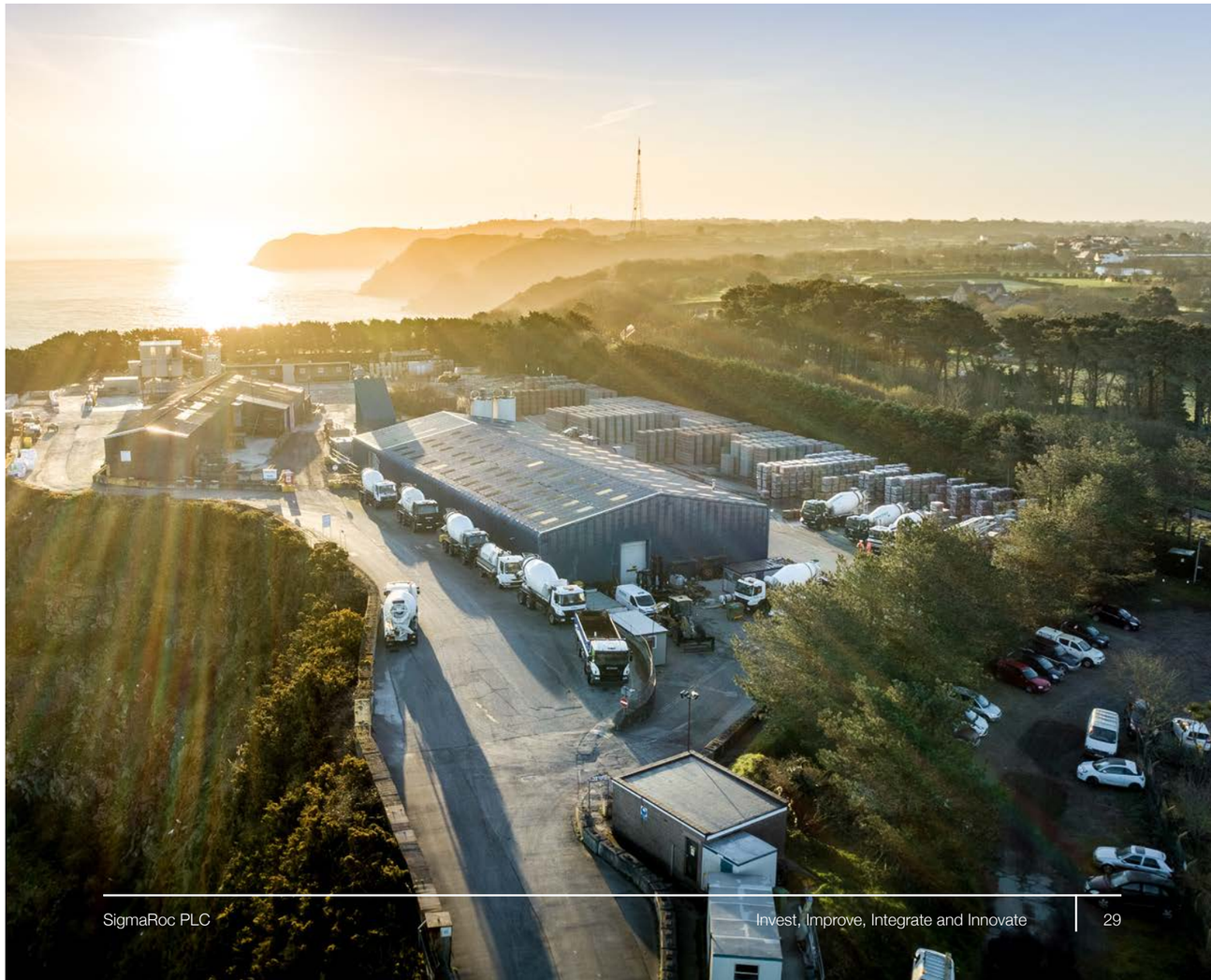
Consolidated Income Statement

		6 months to 30 June 2021 Unaudited			6 months to 30 June 2020 Unaudited		
Continued operations	**Note**	**Underlying £**	**Non-underlying* (Note 6) £**	**Total £**	Underlying £	Non-underlying* (Note 6) £	Total £
Revenue		84,760,395	-	84,760,395	54,502,811	-	54,502,811
Cost of sales	5	(61,585,279)	-	(61,585,279)	(39,267,631)	-	(39,267,631)
Profit from operations		**23,175,116**	**-**	**23,175,116**	**15,235,180**	**-**	**15,235,180**
Administrative expenses	5	(13,116,669)	(2,398,377)	(15,549,899)	(8,850,652)	(1,790,251)	(10,640,903)
Net finance (expense)/ income		(1,306,282)	-	(1,306,282)	(1,149,270)	-	(1,149,270)
Other net (losses)/gains		45,532	822,696	903,081	72,957	(13,604)	59,353
Foreign Exchange		(88,809)	-	(88,809)	6,527	-	6,527
Profit/(loss) before tax		**8,708,888**	**(1,575,681)**	**7,133,207**	**5,314,742**	**(1,803,855)**	**3,510,887**
Tax expense		(1,236,137)	-	(1,236,137)	(299,902)	-	(299,902)
Profit/(loss)		**7,472,751**	**(1,575,681)**	**5,897,070**	**5,014,840**	**(1,803,855)**	**3,210,950**
Profit/(loss) attributable to: Owners of the parents		**7,466,880**	**(1,571,430)**	**5,895,450**	**5,014,840**	**(1,803,855)**	**3,210,950**
Non-controlling interests		5,871	(4,251)	1,620	-	-	-
		7,472,751	**(1,575,681)**	**5,897,070**	**5,014,840**	**(1,803,855)**	**3,210,950**
Basic earnings per share attributable to owners of the parent (expressed in pence per share)	12	**2.68**	**(0.56)**	**2.12**	**1.98**	**(0.71)**	**1.27**
Diluted earnings per share attributable to owners of the parent (expressed in pence per share)	12	**2.45**	**(0.52)**	**1.93**	**1.83**	**(0.66)**	**1.17**

* Non-underlying items represent acquisition related expenses, restructuring costs, certain finance costs, share option expense and amortisation of acquired intangibles. See Note 6 for more information.

Consolidated Statement of Comprehensive Income

	Note	**6 months to 30 June 2021 Unaudited £**	**6 months to 30 June 2020 Unaudited £**
Profit/(loss) for the year		**5,897,070**	**3,210,985**
Other comprehensive income: **Items that will or may be reclassified to profit or loss:** Currency exchange (losses)/gains		(3,074,450)	2,954,847
		(3,074,450)	**2,954,847**
Total comprehensive income		**2,822,620**	**6,165,832**
Total comprehensive income attributable to: Owners of the parent		**2,821,845**	**6,165,832**
Non-controlling interests		775	-
Total comprehensive income for the period		**2,822,620**	**6,165,832**



Consolidated Statement of Financial Position

	Note	30 June 2021 Unaudited £	30 June 2020 Unaudited £	31 December 2020 Unaudited £
Non-current assets				
Property, plant and equipment	7	147,108,662	118,946,662	144,793,014
Intangible assets	8	51,180,790	45,427,754	48,803,895
Investment in associates		-	5,151,527	-
Other receivables		11,876	21,620	21,327
Deferred tax assets		956,416	-	1,411,980
		199,257,748	**169,547,563**	**195,030,216**
Current assets				
Trade and other receivables		**30,828,693**	**20,898,236**	**20,342,578**
Inventories		**14,791,645**	**11,799,546**	**14,247,379**
Cash and cash equivalents		19,936,723	17,279,238	27,451,984
Derivative financial asset		173,964	-	151,770
		65,731,025	49,977,020	62,193,711
Total assets		**264,988,773**	**219,524,583**	**257,223,927**
Current liabilities				
Trade and other payables		48,511,160	38,345,216	46,522,548
Current tax payable		1,158,048	1,160,147	706,698
Borrowings	10	5,235,030	1,762,815	3,611,169
		54,904,238	**41,268,178**	**50,840,415**
Non-current liabilities				
Borrowings	10	67,546,270	62,018,129	67,688,396
Deferred tax liabilities		3,916,649	1,098,148	3,871,086
Provisions		5,391,008	6,899,677	6,160,352
Other payables		5,100,196	-	5,100,196
		81,954,123	**70,015,954**	**82,820,030**
Total liabilities		**136,858,361**	**111,284,132**	**133,660,445**
Net assets		**128,130,412**	**108,240,451**	**123,563,482**
Equity attributable to owners of the parent				
Share capital	11	2,798,764	2,537,393	2,787,393
		107,892,737	95,358,556	107,417,822

Consolidated Statement of Financial Position CONTINUED

	Note	30 June 2021 Unaudited £	30 June 2020 Unaudited £	31 December 2020 Unaudited £
Share premium	11			
Share option reserve		807,135	557,836	847,392
Other reserves		471,065	3,868,587	3,292,913
Retained earnings		14,923,684	5,918,079	9,217,962
Equity attributable to owners of the parent		**126,894,925**	**108,240,451**	**123,563,482**
Non-controlling interest	9	1,235,487	-	-
Total equity		**128,130,412**	**108,240,451**	**123,563,482**

Consolidated Statement of Changes in Equity

	Note	Share capital £	Share premium £	Share option reserve £	Other reserves £	Retained earnings £	Total £	Non-con-trolling interest £	Total £
Balance as at 1 January 2020		**2,537,393**	**95,358,556**	**531,213**	**913,740**	**2,707,094**	**102,047,996**	**-**	**102,047,996**
Profit for the period	7	-	-	-	-	3.210,985	3.210,985	-	3.210,985
Currency translation differences	8	-	-	-	2,954,847	-	2,954,847	-	2,954,847
Total comprehensive income for the period	**9**	**-**	**-**	**-**	**2,954,847**	**3.210,985**	**6,165,832**	**-**	**6,165,832**
Contributions by and distributions to owners									
Issue of ordinary shares		-	-	-	-	-	-	-	-
Issue costs		-	-	-	-	-	-	-	-
Share based payments		-	-	-	-	-	-	-	-
Share option charge		-	-	26,623	-	-	26,623	-	26,623
IFRS 16 prior year adjustment		-	-	-	-	-	-	-	-
Total contributions by and distributions to owners		**-**	**-**	**26,623**	**-**	**-**	**26,623**	**-**	**26,623**
Balance as at 30 June 2020		**2,537,393**	**95,358,556**	**557,836**	**3,868,587**	**5,918,079**	**108,240,451**	**-**	**108,240,451**
Balance as at 1 January 2021		**2,787,393**	**107,417,822**	**847,392**	**3,292,913**	**9,127,692**	**123,563,482**	**-**	**123,563,482**
Profit for the current period		-	-	-	-	5,895,450	5,895,450	1,620	5,897,070
Currency translation diffferences		-	-	-	(3,076,605)	-	(3,076,605)	845	(3,074,450)
Total comprehensive income for the period		**-**	**-**	**-**	**(3,073,605)**	**5,895,450**	**2,821,845**	**775**	**2,822,620**
Contributions by and distributions to owners									
Issue of ordinary shares	10	11,374	474,915	-	-	-	486,286	1,234,712	1,720,998
Share option charge		-	-	23,312	-	-	23,312	-	23,308
Exercise of share options		-	-	(63,569)	-	63,569	-	-	-
Movement in equity	10	-	-	-	253,297	(253,297)	-	-	-
Total contributions by and distributions to owners		**11,374**	**474,915**	**(40,257)**	**253,297**	**(189,728)**	**509,598**	**1,234,716**	**1,744,310**
Balance as at 30 June 2021		**2,798,764**	**107,892,737**	**807,135**	**472,605**	**14,923,684**	**126,894,925**	**1,235,487**	**128,130,412**

Cashflow Statements

	Note	6 months to 30 June 2021 Unaudited £	6 months to 30 June 2020 Unaudited £
Cash flows from operating activities			
Profit		5,897,070	3,210,985
Adjustments for:			
Depreciation and amortisation		6,075,802	5,283,866
Share option expense		23,312	26,623
Loss/(gain) on sale of property, plant and equipment		78,607	(122,331)
Net finance costs		1,306,282	1,149,270
Other non-cash adjustments		(858,105)	(18,371)
Net tax paid		549,020	61,058
Share of earnings from associates		-	(57,682)
(Increase)/decrease in trade and other receivables		(5,095,716)	2,245,755
Increase in inventories		(1,162,768)	(64,796)
Increase in trade and other payables		(1,026,432)	(47,422)
Decrease in provisions		(596,182)	-
Net cash flows from operating activities		**5,190,890**	**11,666,955**
Investing activities			
Purchase of property, plant and equipment	7	(4,119,437)	(2,017,112)
Cash paid for acquisition of subsidiaries (net of cash acquired)		(9,856,021)	(1,542,109)
Sale of property plant and equipment		831	378,151
Purchase of intangible assets		-	(29,261)
Net cash used in investing activities		**(13,974,627)**	**(3,210,331)**
Financing activities			
Proceeds from share issue		1,721,006	-
Net finance costs paid		(704,841)	(1,003,353)
Proceeds from borrowings		4,443,531	4,056,548
Repayment of borrowings		(4,123,335)	(4,103,308)
Net cash generated from financing activities		**1,336,361**	**(1,050,113)**
Net increase in cash and cash equivalents		**(7,447,376)**	**7,406,511**
Cash and cash equivalents at beginning of period		**27,451,984**	**9,867,696**
Exchange (losses)/gains on cash		(67,885)	5,031
Cash and cash equivalents and end of period		**19,936,723**	**17,279,238**

Notes to the Financial Statements

1. General Information

The principal activity of SigmaRoc plc (the 'Company') is to make investments and/or acquire projects in the construction materials sector and through its subsidiaries (together the 'Group') is the production of high-quality aggregates and supply of value-added construction materials. The Company's shares are admitted to trading on the AIM market of the London Stock Exchange ('AIM'). The Company is incorporated and domiciled in the United Kingdom.

The address of its registered office is 7-9 Swallow Street, London W1B 4DE.

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with the requirements of the AIM Rules for Companies. As permitted, the Company has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing this interim financial information. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019. The interim financial statements have been prepared in accordance with UK-endorsed International Financial Reporting Standards (IFRSs) which have not differed from the previously EU-endorsed IFRS, and hence the previously reported accounting policies still apply.

The interim financial information set out above does not constitute statutory accounts within the meaning of the Companies Act 2006. It has been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the UK.

Statutory financial statements for the period ended 31 December 2020 were approved by the Board of Directors on 12 April 2021 and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified. The comparative financial information for the interim period ended 30 June 2020 and year ended 31 December 2020 is for the Group only.

Going concern

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Company and Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed interim financial statements for the period ended 30 June 2021.

Risks and uncertainties

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Company's medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in the Company's 2019 Annual Report and Financial Statements, a copy of which is available on the Company's website: www.sigmaroc.com. The key financial risks are liquidity risk, credit risk, interest rate risk and fair value estimation.

Critical accounting estimates

The preparation of condensed interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in Note 4 of the Company's 2020 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

Foreign Currencies

a) Functional and Presentation Currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Financial Statements are presented in Pounds Sterling, rounded to the nearest pound, which is the Group's functional currency.

b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance income or costs. All other foreign exchange gains and losses are presented in the Income Statement within 'Other net gains/(losses)'.

Notes to the Financial Statements

c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each period end date presented are translated at the period-end closing rate;
- income and expenses for each Income Statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences 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.

3. Accounting policies

Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed interim financial statements as were applied in the preparation of the company's annual financial statements for the year ended 31 December 2020, except for the impact of the adoption of the Standards and interpretations described in para 3.1 below:

3.1 Changes in accounting policy and disclosures

(a) Accounting developments during 2021

The International Accounting Standards Board (IASB) issued various amendments and revisions to International Financial Reporting Standards and IFRIC interpretations. The amendments and revisions were applicable for the period ended 30 June 2021 but did not results in any material changes to the financial statements of the Group or Company.

(b) New standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted

Standard	Impact on initial application	Effective date
IFRS 3	Reference to Conceptual Framework	1 January 2022
IAS 37	Onerous contracts	1 January 2022
IAS 16	Proceeds before intended use	1 January 2022
Annual improvements	2018-2020 Cycle	1 January 2022
IFRS 17	Insurance contracts	1 January 2022
IAS 8	Accounting extimates	1 January 2022
IAS 1	Classification of liabilities as Current or Non-Current	1 January 2022

The Group is evaluating the impact of the new and amended standards above which are not expected to have a material impact on the Group's results or shareholders' funds.

4. Dividends

No dividend has been declared or paid by the Company during the six months ended 30 June 2021 (2020: nil).

Notes to the Financial Statements

5. Expenses by nature

	6 months to 30 June 2021 Unaudited £	6 months to 30 June 2020 Unaudited £
Cost of sales		
Raw materials and production	22, 592,445	9,577,898
Distribution and selling expenses	3,850,183	2,977,128
Employee benefit expense	18,800,618	13,276,857
Maintenance expense	3,626,762	1,771,189
Plant hire expense	2,626,529	1,067,201
Depreciation and amortisation expense	5,221,076	4,430,045
Other costs of sales	4,867,666	6,167,313
Total costs of sales	**61,585,279**	**39,267,631**
Administrative expenses		
Operational admin expenses	12,455,936	7,738,189
Corporate admin expenses	3,093,963	2,902,714
Total administrative expenses	**15,549,899**	**10,640,903**

Depreciation and amortisation expense is a combination of property, plant and equipment depreciation and amortisation of intangible assets.

Notes to the Financial Statements

6. Non-underlying items

As required by IFRS 3 – Business Combinations, acquisition costs have been expensed as incurred. Additionally, the Group incurred costs associated with obtaining debt financing, including advisory fees to restructure the Group to satisfy lender requirements.

	6 months to 30 June 2021 Unaudited £	6 months to 30 June 2020 Unaudited £
Acquisition related expenses	349,353	433,003
Restructuring expenses	395,756	434,631
Share options expense	23,312	26,623
Amortisation of acquired intangibles	807,260	853,821
Other non-underlying	-	55,777
	1,575,681	**1,803,855**

Acquisition related expenses include costs relating to the due diligence of prospective pipeline acquisitions and other direct costs associated with merger & acquisition activity including accounting fees, legal fees and other consulting fees.

Amortisation of acquired assets are non-cash items which distort the underlying performance of the businesses acquired.

Restructuring expenses include advisory fees, additional legal fees relating to the refinancing and redundancy costs.

Share option expense is the fair value of the share options issued and or vested during the period.

Notes to the Financial Statements

7. Property, plant and equipment

	Office equipment £	Land and minerals £	Land and buildings £	Plant and machinery £	Furniture and vehicles £	Construction in progress £	Total £
Cost as at 1 January 202	**3,691,539**	**49,763,665**	**38,372,676**	**77,111,333**	**17,677,443**	**846,212**	**187,462,868**
Acquired through acquisition of subsidiary	11,600	-	64,147	3,189,683	360,984	-	3,626,480
Fair value adjustments	-	35,954,347	4,121,301	-	-	-	40,075,648
Additions	22,839	395,450	81,952	381,777	834,840	300,254	2,017,112
Disposals	(185,355)	-	-	(528,671)	(494,114)	-	(1,208,140)
Forex	208,010	1,358,281	1,154,935	3,762,428	696,426	-	7,180,080
As at 30 June 2020	**3,748,699**	**87,471,743**	**43,795,011**	**83,916,550**	**19,075,579**	**1,146,466**	**239,154,048**
Acquired through acquisition of subsidiary	291,205	15,085,384	1,074,477	14,230,462	6,142,093	-	36,823,621
Transfer between classes	-	-	-	133,245	-	(133,245)	-
Fair value adjustments	-	-	1,201,071	(48,419)	-	-	1,152,652
Additions	43,735	2,541,992	488,198	1,091,031	35,708	234,117	4,434,781
Disposals	-	(192,147)	-	(52,081)	(285,962)	-	(530,190)
Forex	141,825	(527,622)	(610,327)	(772,439)	(430,456)	-	(2,199,019)
As at 31 December 2020	**4,255,464**	**104,379,350**	**45,948,430**	**98,498,349**	**24,536,962**	**1,247,338**	**278,835,893**
Acquired through acquisition of subsidiary	213,174	-	179,370	7,672,066	4,146,062	-	12,210,672
Transfer between classes	-	-	-	633,389	(382,586)	(250,803)	-
Additions	165,427	183,461	1,899,356	1,599,807	234,283	37,103	4,119,437
Disposals	-	(13,738)	-	(65,700)	(103,217)	-	(182,655)
Forex	(111,507)	(162,634)	(1,067,961)	(2,906,923)	(41,849)	-	(4,290,874)
As at 30 June 2021	**4,492,558**	**104,386,439**	**46,959,195**	**105,430,988**	**28,389,655**	**1,033, 638**	**290,692,473**

Notes to the Financial Statements

	Office equipment £	Land and minerals £	Land and buildings £	Plant and machinery £	Furniture and vehicles £	Construction in progress £	Total £
Depreciation as at 1 January 2020	**3,220,961**	**8,590,364**	**22,689,167**	**62,618,869**	**11,625,174**	**-**	**108,744,535**
Acquired through acquisition of subsidiary	11,423	-	39,910	2,018,380	360,984	-	3,330,697
Charge for the year	130,339	479,498	677,004	2,221,752	1,350,321	-	4,858,914
Disposals		-	-	(511,435)	(451,809)	-	(963,244)
Forex	198,680	216,246	425,227	3,167,718	218,613	-	4,236,484
As at 30 June 2020	**3,561,403**	**9,286,108**	**23,841,308**	**70,415,284**	**13,103,283**	**-**	**120,207,386**
Acquired through acquisition of subsidiary	186,387	1,164,293	-	5,143,809	2,885,105	-	9,379,594
Charge for the year	119,887	1,099,648	1,227,964	1,676,860	1,053,402	-	5,177,761
Disposals	-	-	-	-	(78,916)	-	(78,916)
Forex	(50,629)	(176,710)	15,523	(498,434)	67,304	-	(642,946)
As at 31 December 2021	**3,817,048**	**11,373,339**	**25,084,795**	**76,737,519**	**17,030,178**	**-**	**134,042,879**
Acquired through acquisition of subsidiary	152,084	-	130,762	4,193,852	3,201,466	-	1,678,164
Charge for the year	119,641	1,488,732	772,914	1,842,919	1,138,968	-	5,363,174
Transfer between classes	-	-	-	315,985	(315,985)	-	-
Disposals	-	-	-	-	(103,217)	-	(103,217)
Forex	(111,149)	(102,051)	(1,027,860)	(1,727,111)	(429,022)	-	(3,397,193)
As at 30 June 2021	**3,977,624**	**12,760,020**	**24,960,611**	**81,363,164**	**20,522,388**	**-**	**143,583,807**
Net book value							
As at June 2020	**187,296**	**78,185,635**	**19,953,703**	**13,501,266**	**5,972,296**	**1,146,466**	**118,946,662**
As at 31 December 2020	**408,416**	**93,006,011**	**20,863,635**	**21,760,830**	**7,506,784**	**1,247,338**	**144,793,014**
As at 30 June 2021	**514,934**	**91,626,419**	**21,998,584**	**24,067,824**	**7,867,267**	**1,033,638**	**147,100,666**

8. Intangible assets

	Consolidated						
	Goodwill £	Customer Relations £	Intellectual property £	Research & Development £	Branding £	Other Intangibles £	Total £
Cost & net book value as at 1 Junary 2020	**73,004,627**	**3,849,522**	**556,232**	**1,167,082**	**1,266,031**	**400,230**	**80,243,724**
Additions	-	-	-	**152,617**	-	-	**152,617**
Additions thorugh business combination	7,887,073	-	-	-	-	-	7,887,073
Price Purchase Allocation - CDH	(43,779,628)	-	-	-	2,292,000	-	(41,487,628)
Amortisation	-	(516,930)	(84,860)	(88,323)	(159,790)	-	(849,903)
Forex	2,853,731	-	-	4,511	-	(230)	2,858,012
As at 31 December 2020	**39,965,803**	**3,332,592**	**471,372**	**1,235,887**	**3,398,241**	**400,000**	**48,803,895**
As at 1 January 2021	**39,965,803**	**3,332,592**	**471,372**	**1,235,887**	**3,398,241**	**400,000**	**48,803,895**
Additions	-	-	-	-	-	-	-
Addition through business combination	5,493,585	-	-	-	-	-	5,493,585
Amortisation	-	(258,465)	(42,430)	(331,838)	(79,895)	-	(712,628)
Forex	(2,241,048)	-	-	(163,014)	-	-	(2,404,062)
As at 30 June 2021	**43,218,340**	**3,074,127**	**428,942**	**741,035**	**3,318,346**	**400,000**	**51,180,790**

The intangible asset classes are:

- Goodwill is the excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquire over the fair value of the net identifiable assets.
- Customer relations is the value attributed to the key customer lists and relationships.
- Intellectual property is the patents owned by the Group.
- Research and development is the acquiring of new technical knowledge and trying to improve existing processes or products or developing new processes or products.
- Branding is the value attributed to the established company brand.
- Other intangibles consist of an option over gravel in Poundfield and 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.

Impairment tests for goodwill

Goodwill arising on business combinations is not amortised but is reviewed for impairment on an annual basis, or more frequently if there are indications that the goodwill may be impaired. Goodwill is allocated to groups of cash generating units according to the level at which management monitor that goodwill, which is at the level of operating segments.

The ten operating segments are considered to be Ronez in the Channel Islands, Topcrete, Poundfield, CCP and, GD Harries in the UK, CDH, Stone, GDH, B-Mix and Casters in Belgium.

Key assumptions

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

Cash flow projections

Cash flow projections for each operating segment are derived from the annual budget approved by the Board for 2021 and the three-year plan to 2022 and 2023. The key assumptions on which budgets and forecasts are based include sales volumes, product mix and operating costs. These cash flows are then extrapolated forward for a further 17 years, with the total period of 20 years reflecting the long-term nature of the underlying assets. Budgeted cash flows are based on past experience and forecast future trading conditions.

Long-term growth rates

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

Discount rate

Forecast cash flows for each operating segment have been discounted at rates of 8 per cent which was calculated by an external expert based on market participants' cost of capital and adjusted to reflect factors specific to each operating segment.

Sensitivity

The Group has applied sensitivities to assess whether any reasonable possible changes in assumptions could cause an impairment that would be material to these consolidated Financial Statements. This demonstrated that a 1 per cent. increase in the discount rate would not cause an impairment and the annual growth rate is assumed to be 2 per cent.

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

Impact of Brexit

In performing the impairment review, the Directors have carefully considered the additional uncertainty arising from Brexit through performing additional sensitivity analysis based on Brexit specific scenarios. These included changes to the discount rate and modelling the impact of a significant decline in short-to-medium term growth caused by an economic shock following an exit. This additional analysis indicated the existence of continued headroom for all segments.

9. Non-controlling interests

	£
As at 1 January 2021	-
Shares issued to non-controlling interest	1,234,712
Non-controlling interests share of profit in the period	775
As at 30 June 2021	**1,235,487**

Notes to the Financial Statements

10. Borrowings

	6 months to 30 June 2021 Unaudited £	6 months to 30 June 2020 Unaudited £
Non-current liabilities		
Santander term facility	59,455,715	25,979,147
Bank loans	633,739	29,615,095
Finance lease liabilities	7,456,816	6,423,887
	67,546,270	**62,018,129**
Current liability		
Bank loans	2,297,610	
Finance lease liabilities	2,937,420	1,762,815
	5,235,030	**1,762,815**

In December 2020 the Group entered into a new Syndicated Senior Credit Facility of up to £125 million (the 'Credit Facility') led by Santander UK and including several major UK and European banks. The Credit Facility, which comprises an £85 million committed term facility and a £40 million accordion option. This new facility replaced all previously existing bank loans within the Group.

The facility is secured by a floating charge over the assets of SigmaFin Limited and CDH and is also secured by a combination of debentures, security interest agreements, pledges and floating rate charges over the assets of SigmaRoc plc, SigmaFin Ltd, Carrières du Hainaut and their subsidiary undertakings. Interest is charged at a rate between 1.75 per cent. and 3.25 per cent. above LIBOR ('Interest Margin'), based on the calculation of the adjusted leverage ratio for the relevant period. For the period ending 31 December 2020 the Interest Margin was 2.25 per cent.

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

	Carrying amount and fair value	
	6 months to 30 June 2021 Unaudited £	6 months to 30 June 2020 Unaudited £
Santander term facility (net of establishment fees)	59,455,715	25,979,147
Bank loans	2,931,349	29,615,095
Finance lease liabilities	10,394,236	8,186,702
	72,781,300	**63,780,944**

Notes to the Financial Statements

11. Share capital and share premium

	Number of shares	Ordinary shares £	Share premium £	Total £
Issued and fully paid				
As at 1 January 2020	**253,739,186**	**2,537,393**	**95,358,556**	**97,895,949**
As at 30 June 2020	**253,739,186**	**2,537,393**	**95,358,556**	**97,895,949**
Issue of new shares - 9 December 2020 (1)	25,000,000	250,000	12,059,266	12,309,266
As at 31 December 2020	**278,739,186**	**2,787,393**	**107,417,822**	**110,205,215**
As at 1 January 2021	**278,739,186**	**2,787,393**	**107,417,822**	**110,205,215**
Exercise of options and warrants - 30 April 2021	1,059,346	10,591	456,185	466,776
Exercise of warrants - 13 May 2021	78,044	780	18,730	19,510
As at 30 June 2021	**279,876,576**	**2,798,764**	**107,892,737**	**110,691,501**

(1) Includes issue costs of £440,736

On 30 April 2021, the Company issued and allotted 1,026,014 new Ordinary Shares at a price of 44 pence per share as an exercise of warrants. On this same day the Company issued and allotted 33,332 new Ordinary Shares at a price of 46 pence per share as an exercise of options.

On 13 May 2021, the Company issued and allotted 78,044 new Ordinary Shares at a price of 25 pence per share as an exercise of warrants.

12. Earnings per share

The calculation of the total basic earnings per share of 2.12 pence (2019: 1.27 pence) is calculated by dividing the profit attributable to shareholders of £5,897,070 (2019: £3,210,985) by the weighted average number of ordinary shares of 279,125,771 (2019: 253,739,186) in issue during the period.

Diluted earnings per share of 1.93 pence (2019: 1.17 pence) is calculated by dividing the profit attributable to shareholders of £5,897,070 (2019: £3,210,985) 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 304,541,876 (2019: 274,594,989).

Details of share options that could potentially dilute earnings per share in future periods are disclosed in the notes to the Group's Annual Report and Financial Statements for the year ended 31 December 2020.

13. Fair value of financial assets and liabilities measured at amortised costs

Financial assets and liabilities comprise the following:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

The fair values of these items equate to their carrying values as at the reporting date.

Notes to the Financial Statements

14. Business combination

On 7 April 2021, the Group acquired 100 per cent. of the share capital of B-Mix Beton NV ('B-Mix') and its subsidiaries for a cash consideration of €12.03 million (being €13 million less adjustments for various obligations assumed by the Group as part of the acquisition) which translates to £10.2 million. B-Mix is registered and incorporated in Belgium. The principal activity is the operation of concrete plants.

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

Total consideration	**£**
Cash	10,246,477
	10,246,477

Recognised amounts of assets and liabilities acquired	**£**
Cash and cash equivalents	1,027,570
Trade and other receivables	4,323,928
Inventories	305,164
Property, plant and equipment	4,532,512
Trade and other payables	(3,071,615)
Borrowings	(2,349,236)
Deferred tax liabilities	(15,431)
Total identifiable net liabilities	4,752,892
Goodwill (refer to note 8)	**5,493,585**
Total Consideration	**10,246,477**

15. Events after the reporting date

On 15 July 2021, the Company announced that it has conditionally agreed to acquire the entire issued capital of Nordkalk Oy Ab, a wholly-owned subsidiary of Rettig Group Oy Ab, for a total consideration of approximately €470 million subject to certain adjustments including in respect of cash, debt and working capital. The Acquisition comprises a reverse takeover for the purposes of Rule 14 of the AIM Rules for Companies and as such is conditional upon, *inter alia*, Shareholder approval.

The Company intended to raise approximately £260 million (before expenses) via the issue of up to 305,882,352 new ordinary shares of £0.01 each in the capital of the Company at a price of 85 pence per share. The Consideration will be satisfied by a combination of €270 million (approximately £231 million) from the proceeds of the Placing, the drawdown of €150 million (approximately £128 million) under a new £305 million banking facility, and the issue of €50 million (approximately £43 million) new Ordinary Shares to Rettig Group at the Placing Price.

On 16 July 2021, the Company announced that it has conditionally raised approximately £260 million (before expenses) via the conditional issue of 305,882,352 new ordinary shares of £0.01 each in the capital of the Company at a price of 85 pence per share. As set out in the Placing Announcement, the gross proceeds from the Placing will be used, inter alia, to satisfy the €270 million (approximately £231 million) cash element of the total €470 million Consideration due pursuant to the Acquisition of Nordkalk.

On 2 August 2021, the Company announced that all resolutions were passed at the General Meeting approving the acquisition of Nordkalk.

Notes to the Financial Statements

16. Approval of interim financial statements

The condensed interim financial statements were approved by the Board of Directors on 20 August 2021.

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