



**Sigma
Roc**

Admission Document

SigmaRoc plc

2021

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under FSMA if you are in the UK, or, if outside the UK, from another appropriately authorised independent adviser.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with an application for admission to trading on AIM of the entire issued and to be issued share capital of SigmaRoc plc. This document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of FSMA or otherwise. Accordingly, this document does not constitute a prospectus for the purposes of section 85 of FSMA or otherwise and has not been drawn up in accordance with the Prospectus Regulation Rules or filed with or approved by the FCA or any other competent authority.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM following Resolutions 1 and 2 being approved by Shareholders and subject to and conditional upon the Polish Competition Office Clearance. It is expected that Admission will become effective and that trading in the Enlarged Share Capital will commence on AIM in late August 2021.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Company and the Directors, whose names appear on page 10 of this document, accept responsibility individually and collectively for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

Prospective investors should read this document in its entirety. An investment in the Company includes a significant degree of risk and prospective investors should consider carefully the risk factors set out in Part III of this document.

SigmaRoc PLC

(Incorporated under the Companies Act 1985 and registered in England and Wales with registered number 05204176)

Proposed Acquisition of Nordkalk Oy Ab

Proposed Placing of 305,882,352 new Ordinary Shares at 85 pence per share

Admission of the Enlarged Share Capital to trading on AIM

and

Notice of General Meeting

STRAND
HANSON

Strand Hanson Limited
Financial & Nominated Adviser

PEEL HUNT

Peel Hunt LLP
Joint Bookrunner

LIBERUM

Liberum Capital Limited
Joint Bookrunner

Numis

Numis Securities Limited
Joint Bookrunner

Strand Hanson Limited (the “**Nominated Adviser**”), which is authorised and regulated in the UK by the FCA, is acting as nominated adviser to the Company in connection with the Proposals and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of the Nominated Adviser or for advising any other person in respect of the Proposals or any transaction, matter or arrangement referred to in this document. The Nominated Adviser’s responsibilities as the Company’s nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire shares in the Company in reliance on any part of this document.

Each of Peel Hunt LLP, Liberum Capital Limited and Numis Securities Limited (together, the “**Joint Bookrunners**”), is authorised and regulated in the UK by the FCA, acting as a joint bookrunner to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of any of the Joint Bookrunners or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Nominated Adviser and the Joint Bookrunners by the FSMA or the regulatory regime established thereunder, neither the Joint Bookrunners nor the Nominated Adviser accepts any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Proposals. The Joint Bookrunners and the Nominated Adviser accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

This document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States, Canada, Australia, New Zealand, South Africa or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Ordinary Shares have not been and will not be registered under the US Securities Act 1933, as amended, nor under the applicable securities laws of any State of the United States or any province or territory of Canada, Australia, New Zealand, South Africa or Japan. Accordingly, the Ordinary Shares may not be offered or sold directly or indirectly in or into Canada, Australia, New Zealand, South Africa, Japan or to any resident of the United States, Canada, Australia, New Zealand, South Africa or Japan. No public offering of securities is being made in the United States. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Holding Ordinary Shares may have implications for overseas Shareholders under the laws of the relevant overseas jurisdictions. Overseas investors should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

Copies of the document will be available free of charge on the Company's website, <https://www.sigmaroc.com>.

Your attention is also drawn to the letter from the Chief Executive Officer on pages 25 to 65 (inclusive) of this document and which recommends you vote in favour of the Resolutions to be proposed at the General Meeting. All statements regarding the business of the Enlarged Group, its financial position and prospects should be reviewed in light of the risk factors set out in the section headed "Risk Factors" in Part III of this document.

IMPORTANT INFORMATION

General

This document should be read in its entirety before making any decision to subscribe for Ordinary Shares. Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Nominated Adviser or the Joint Bookrunners or any of their respective affiliates, officers, directors, partners, employees or agents. Without prejudice to the Company's obligations under applicable laws and the AIM Rules for Companies, neither the delivery of this document nor any subscription or purchase made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Existing Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Prospective investors in the Company must not treat the contents of this document or any subsequent communications from the Company, the Nominated Adviser or the Joint Bookrunners or any of their respective affiliates, officers, directors, partners, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

If you are in any doubt about the contents of this document or the action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if you are in the UK, or, if you are outside the UK, from another appropriately authorised independent adviser.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Proposals or the Enlarged Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the AIM Rules for Companies, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation of the Placing by prospective investors occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. This document and any supplement thereto will be made public in accordance with the AIM Rules for Companies.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, by the Company, the Nominated Adviser or the Joint Bookrunners or any of their respective representatives, that any recipient of this document should subscribe for or purchase any of the Ordinary Shares. Prior to making any decision as to whether to subscribe for or purchase any Ordinary Shares, prospective investors should read the entirety of this document and, in particular, the section headed "Risk Factors" in Part III of this document.

Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination (or an examination by the prospective investor's FSMA-authorised or other appropriate advisers) of the Company and the terms of this document, including the risks involved. Any decision to purchase Ordinary Shares should be based solely on this document and the prospective investor's own (or such prospective investor's FSMA-authorised or other appropriate advisers') examination of the Company.

Investors who subscribe for Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on the Nominated Adviser or the Joint Bookrunners or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document for their investment decision; (ii) they have relied only on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation has not been relied upon as having been authorised by or on behalf of the Company, the Directors, the Nominated Adviser or the Joint Bookrunners.

None of the Company, the Directors, the Nominated Adviser or the Joint Bookrunners or any of their respective representatives makes any representation to any subscriber or purchaser of Ordinary Shares regarding the legality of an investment by such subscriber or purchaser.

In connection with the Placing, the Joint Bookrunners and any of their affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this document to the Ordinary Shares being offered, subscribed, purchased, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, purchase, acquisition, dealing or placing by the Joint Bookrunners or any of their affiliates acting as investors for their own accounts. The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

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

Notice to prospective investors in the UK

This document is being distributed in the UK where it is directed only at persons who are “**qualified investors**” within the meaning of Article 2(e) of the UK Prospectus Regulation, and who are: (i) persons having professional experience in matters relating to investments, i.e., investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**FPO**”); or (ii) high net-worth companies, unincorporated associations and other bodies within the meaning of Article 49 of the FPO and (iii) at persons to whom it is otherwise lawful to distribute it without any obligation to issue a prospectus approved by competent regulators. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of person and in any event, and under no circumstances, should persons of any other description rely on or act upon the contents of this document.

None of the Company, the Nominated Adviser or the Joint Bookrunners has authorised, nor does any of them authorise, the making of any offer of Ordinary Shares in circumstances in which an obligation arises for the Company, the Nominated Adviser or the Joint Bookrunners to publish a prospectus or a supplemental prospectus in the United Kingdom in respect of such offer.

This document has been approved by PrimaryBid for the purposes of section 21 of FSMA and the terms of such approval limit the use of the document as so approved for the purposes solely of the Retail Offer. Solely for such purpose, this document is also being made available to Retail Offerees.

Notice to prospective investors in the European Economic Area

In relation to each Member State of the European Economic Area (“**EEA**”) (each a “**Member State**”), no Ordinary Shares have been offered or will be offered pursuant to the Placing to the public in that Member State prior to the publication of a prospectus which has been approved by the competent authority in that Member State, or otherwise in accordance with the Prospectus Regulation, except that offers of Ordinary Shares to the public may be made at any time under the following exemptions under the Prospectus Regulation:

- (1) to any legal entity which is a “qualified investor” as defined in the Prospectus Regulation;
- (2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) in such Member State; or
- (3) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Ordinary Shares shall require the Company or any other person to publish a prospectus pursuant to Article 21 of the Prospectus Regulation or supplementary prospectus pursuant to

Article 23 of the Prospectus Regulation and each person who initially acquires any Ordinary Shares (other than any Retail Offeree) or to whom any offer is made under the Placing will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of the Prospectus Regulation.

Neither the Company, the Nominated Adviser nor the Joint Bookrunners have authorised, nor does any of them authorise, the making of any offer of Ordinary Shares in circumstances in which an obligation arises for the Company to publish a prospectus or a supplemental prospectus in respect of such offer.

In the case of any Ordinary Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company, the Directors and the Joint Bookrunners that the Ordinary Shares acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant State to qualified investors, in circumstances in which the prior consent of the Joint Bookrunners has been obtained to each such proposed offer or resale.

The Company, the Directors, the Nominated Adviser and the Joint Bookrunners will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression **“an offer to the public”** in relation to any offer of Ordinary Shares in any Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, and the expression **“Prospectus Regulation”** means Regulation 2017/1129/EU.

Notice to prospective investors in the United States

The securities described herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended. In the United States, the securities will only be offered and sold outside the United States in reliance on Regulation S under the Securities Act.

The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended. The securities are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under the Securities Act pursuant to registration or an exemption therefrom.

Forward-looking statements

Certain statements in this document are or may constitute forward-looking statements, including statements about current beliefs and expectations of the Directors. In particular, the words “envisage”, “projects”, “expect”, “anticipate”, “estimate”, “may”, “should”, “plan”, “intend”, “will”, “would”, “could”, “target”, “believe” and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. Such forward looking statements relate to matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Board’s expectations of external conditions and events, current business strategy, plans and the other objectives of management for future operations and estimates and projections of the Enlarged Group’s financial performance. Though the Board believes these expectations to be reasonable at the date of this document, they may prove to be erroneous. Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, achievements or performance of the Enlarged Group, or the industry in which the Enlarged Group operates, to be materially different from any future results, achievements or performance expressed or implied by such forward looking statements. Prospective investors are strongly recommended to read the risk factors set out in Part III of this document.

Any forward-looking statement in this document speaks only as of the date it is made. Save as required by law or regulation or the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward looking statements in this document that may occur due to any change in the Board’s expectations or in order to reflect events or circumstances after the date of this document.

Any forward looking statement in this document based on past or current trends and/or activities of the Enlarged Group should not be taken as a representation or assurance that such trends or activities will

continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Enlarged Group for the current year or future years will match or exceed the historical or published earnings of the Enlarged Group.

Presentation of financial information

The audited financial statements on Nordkalk included in the Appendix to this document has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. The related consent to the inclusion of the audit reports in this document has been included as required by the AIM Rules for Companies and solely for that purpose.

Unless otherwise indicated, the financial information in this document has been prepared as follows: (i) the financial reporting framework which has been applied in the preparation of the historical financial information on the Company for the period ended 31 December 2020 is the applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006; and (ii) for all other financial reporting periods of both the Company and Nordkalk it has been prepared in accordance with applicable law and IFRS as adopted by the European Union.

Rounding

The financial information and certain other figures in this document have been subject to rounding adjustments. Therefore, the sum of numbers in a table (or otherwise) may not conform exactly to the total figure given for that table. In addition, certain percentages presented in this document reflect calculations based on the underlying information prior to rounding and accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based on the rounded numbers.

Currency presentation

In the document, references to "sterling", "£", "penny", "pence" and "p" are to the lawful currency of the UK, references to "€" and "euros" are to the lawful currency of certain of the countries within the EU and references to "US\$" are references to the lawful currency of the United States. Unless otherwise indicated, the financial information contained in this document has been expressed in sterling. The Existing Group presents its financial statements in sterling.

Market, industry and economic data

The data, statistics and information and other statements in this document regarding the markets in which the Enlarged Group operates, or the Enlarged Group's position therein, are based on the Enlarged Group's records. In relation to these sources, such information has been accurately reproduced from the published information and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

This document includes market share and industry data and forecasts that the Company has obtained from industry publications, surveys and internal company sources. As noted in this document, the Company has obtained market and industry data relating to the Enlarged Group's business from providers of industry data and has obtained market data from the following reports:

- EuLA – A Competitive and Efficient Lime Industry (Summary of the Technical Report) dated February 2019
- Maia Research Analysis – Europe Limestone Industry Market Research Report dated April 2021
- World Bank Group – Doing Business 2020 Report dated October 2019
- European Commission – Competitiveness of the European Cement and Lime Sectors dated December 2017

Market and industry data is inherently predictive and speculative, and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what

types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information. Specifically, none of the Joint Bookrunners nor the Nominated Adviser have authorised the contents of, or any part of, this document and accordingly no liability whatsoever is accepted by any of the Joint Bookrunners or the Nominated Adviser for the accuracy or completeness of any market or industry data which is included in this document.

Information on Nordkalk

The information on Nordkalk, the Nordkalk Group and connected matters which is included in this document is based upon the information which Nordkalk has itself provided to the Company by means of a presentation made by Nordkalk to the Board, a virtual data room for the purposes of due diligence carried out by the Company and its advisers relating to the Acquisition and publicly available information.

No incorporation of website information

The contents of the Company's website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document and prospective investors should not rely on such information.

Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading "Definitions".

All times referred to in this document are, unless otherwise stated, references to London time.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

Information to Distributors

UK Product Governance Requirements

Solely for the purposes of Paragraph 3.2.7R regarding the responsibilities of UK Manufacturers under the Product Governance requirements contained within Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**") and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in UK Product Governance Requirements; and (ii) eligible for distribution through all distribution channels as are permitted by UK Product Governance Requirements (the "**UK Target Market Assessment**"). Notwithstanding the UK Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

The UK Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing.

For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

EU Product Governance Requirements

Solely for the purposes of the product governance requirements contained within MiFID II and Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II (the “**EU Product Governance Requirements**”) and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the EU Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in EU Product Governance Requirements; and (ii) eligible for distribution through all distribution channels as are permitted by EU Product Governance Requirements (the “**EU Target Market Assessment**”). Notwithstanding the EU Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

The EU Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing.

Furthermore, it is noted that, notwithstanding the UK Target Market Assessment and the EU Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the EU Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

TABLE OF CONTENTS

DIRECTORS, SECRETARY AND ADVISERS	10
DEFINITIONS	12
GLOSSARY OF TECHNICAL TERMS	20
PLACING STATISTICS	23
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	24
PART I – LETTER FROM THE CHIEF EXECUTIVE OFFICER OF SIGMAROC PLC	25
PART II – SUMMARY OF THE ACQUISITION AGREEMENTS	66
PART III – RISK FACTORS	70
PART IV – HISTORICAL FINANCIAL INFORMATION ON THE COMPANY INCORPORATED BY REFERENCE	83
PART V – EXTRACTED HISTORICAL FINANCIAL INFORMATION ON NORDKALK	84
PART VI – UNAUDITED PROFORMA STATEMENT OF NET ASSETS AND INCOME STATEMENT OF THE ENLARGED GROUP	91
PART VII – ADDITIONAL INFORMATION	96
PART VIII – NOTICE OF GENERAL MEETING	137
APPENDIX – HISTORICAL FINANCIAL INFORMATION ON NORDKALK	142

DIRECTORS, SECRETARY AND ADVISERS

Directors

David Barrett (*Chairman and Executive Director*)
Max Vermorken (*Chief Executive Officer and Executive Director*)
Dean Masefield (*Finance Director and Executive Director*)¹
Garth Palmer (*Non-Executive Director*)²
Simon Chisholm (*Non-Executive Director*)
Jacques Emsens (*Non-Executive Director*)
Tim Hall (*Non-Executive Director*)

¹ - Conditional upon Admission, Dean Masefield will resign from the Board and no longer be a Director, but will continue with the Enlarged Group as Deputy CFO of the Enlarged Group's UK and Belgian platforms

² - Conditional upon Admission, Garth Palmer will be appointed as an Executive Director and CFO of the Enlarged Group

All of whose business address is at the Company's registered office

Registered Office

7-9 Swallow Street
London W1B 4DE
United Kingdom

Company website

<https://www.sigmaroc.com>

Company Secretary

Westend Corporate LLP

Nominated and Financial Adviser

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Joint Bookrunners

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Legal advisers to the Company (US)

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**Legal advisers to the
Company (Acquisition)**

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United Kingdom

**Legal advisers to the Nominated
and Financial Adviser and the
Joint Bookrunners**

CMS Cameron McKenna Nabarro Olswang LLP
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United Kingdom

**Auditor and reporting
accountant**

PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Registrars

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL
United Kingdom

DEFINITIONS

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

“affiliate” or “affiliates”	an affiliate of, or person affiliated with, a person; a person that, directly or indirectly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified
“Acquisition”	the proposed acquisition by the Company of the entire issued share capital of Nordkalk and certain of its outstanding shareholder loans pursuant to the Acquisition Agreements, which constitutes a reverse takeover pursuant to Rule 14 of the AIM Rules for Companies
“Acquisition Agreements”	both (i) the Nordkalk Share Purchase Agreement; and (ii) the NK East Share Purchase Agreement
“Act”	the Companies Act 2006 (as amended)
“Admission”	the re-admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
“Adjusted Leverage Ratio”	net debt divided by underlying EBITDA
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules and UK MAR Committee”	the committee of the Board whose remit is compliance with the AIM Rules for Companies and UK MAR
“AIM Rules for Companies”	the AIM rules for companies published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the AIM rules for nominated advisers published by the London Stock Exchange from time to time
“Articles”	the articles of association of the Company as in force as at the date of this document
“Audit Committee”	the audit committee of the Board
“Baltics”	a geographical area comprising Estonia, Latvia and Lithuania and is bounded on the west and north by the Baltic Sea
“Benelux”	a collective name for Belgium, the Netherlands and Luxembourg
“B-Mix”	collectively, B-Mix Beton NV, J&G Overslag en Kraanbedrijf BV and Top Pumping NV
“Board”	the directors of the Company as at the date of this document, whose names are set out on page 10 of this document
“CAGR”	compound annual growth rate
“Calcinor”	Calcinor, S.A.
“Carmeuse”	Carmeuse Holding S.A.

“Carrières du Boulonnais” or “CdB”	SAS Carrières du Boulonnais, part of Groupe Carrières du Boulonnais (Groupe CB)
“Casters”	Casters Beton NV
“CCP”	CCP Building Products Limited
“CDH” or “Carrières du Hainaut”	CDH Développement SA together with its wholly owned subsidiaries Carrières du Hainaut SCA and CDH International SCA
“City Code”	the City Code on Takeovers and Mergers published by the Panel from time to time
“Company” or “SigmaRoc”	SigmaRoc plc, a public limited company incorporated under the laws of England and Wales with registered number 05204176, whose registered office is at 7-9 Swallow Street, London W1B 4DE, United Kingdom
“Consideration”	approximate €470 million aggregate consideration, subject to certain adjustments including in respect of cash, debt and working capital, for the Acquisition pursuant to the Nordkalk Share Purchase Agreement
“Consideration Shares”	the 50,276,521 new Ordinary Shares to be issued by the Company to the Seller as part of the consideration due pursuant to the Nordkalk Share Purchase Agreement
“COVID-19”	the disease caused by SARS-CoV-2, the coronavirus that emerged in December 2019
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended)
“CRH”	CRH plc (LON: CRH) (ISE:CRG) is an international group of diversified building materials businesses headquartered in Dublin, Ireland
“CRIRSCO”	Committee for Mineral Reserves International Reporting Standards
“Deferred Shares”	the 761,679,142 deferred shares in issue, having the rights set out in paragraph 8.14 of Part VII of this document
“Directors”	the directors of the Company as at the date of this document, whose names are set out on page 10 of this document
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EEA”	European Economic Area
“Enlarged Group”	the Existing Group on Admission, i.e. as enlarged by the Acquisition and having acquired the Nordkalk Group
“Enlarged Share Capital”	the issued Ordinary Shares upon Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
“EPS”	Earnings Per Share

“ESG”	environmental, social and governance
“ETS”	European Trading Systems
“EU”	the European Union
“EUA”	Emission Unit Allowances
“EuLA”	European Lime Association
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales
“EUWA”	The European Union (Withdrawal) Act 2018
“Executive Directors”	the executive Directors of the Company, who as at the date of this document are David Barrett, Max Vermorken and Dean Masefield and who, as at Admission, will be David Barrett, Max Vermorken and Garth Palmer
“Existing Facility”	the Syndicated Senior credit facility of up to £125 million, provided by several major UK and European banks, led by Santander UK
“Existing Group”	the Company and its subsidiary undertakings as at the date of this document
“Existing Ordinary Shares”	the 279,876,576 Ordinary Shares in issue as at the date of this document
“FAS”	Federal Antimonopoly Service of the Russian Federation
“FAS Competition Clearance”	the approval by the FAS of the change of control of Nordkalk's Russian Subsidiary
“FCA”	the Financial Conduct Authority
“Finnsementti”	Finnsementti Oy, a subsidiary company of CRH
“Form of Proxy”	the form of proxy for use by holders of Existing Ordinary Shares at the General Meeting
“Franzefoss”	Franzefoss AS, a Norwegian construction materials group
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“GD Harries”	GDH (Holdings) Limited, or a subsidiary of
“GDH”	Granulat du Hainaut SA
“GDP”	Gross Domestic Product
“General Meeting”	the general meeting of the Company to be held on 2 August 2021 at 11.00 a.m. at the offices of the Company at 56 Queen Anne Street, London W1G 8LA United Kingdom, the Notice of which is set out in Part VIII of this document
“Greenbloc”	the Existing Group's cement free ultra-low carbon precast product range
“HMRC”	Her Majesty's Revenue and Customs
“ISIN”	International Securities Identification Number

“ISO14001”	the international standard for environmental management systems, designed by the International Organisation for Standardisation (ISO) to help businesses and other organisations to reduce their environmental impact
“ISO 18001 and 45001”	the international standards for health and safety management systems designed by the ISO
“Joint Bookrunners”	each of Peel Hunt, Liberum Capital and Numis Securities
“KPAB”	Kalkproduktion Storugns AB, a joint venture between Nordkalk (67 per cent.) and Lhoist (33 per cent.), which produces quicklime from raw crushed limestone extracted from the Klinthagen quarry
“LafargeHolcim”	Holcim Ltd (SIX: HOLN) (XPAR: HOLN), operating as LafargeHolcim, a multinational producer of construction materials
“LEI”	Legal Entity Identifier
“Lenders”	several major UK and European banks, led by Banco Santander S.A. London and BNP Paribas (as arrangers)
“LH Agreement”	the agreement between LafargeHolcim and the Company pursuant to which the Company assumed control of LafargeHolcim’s quarrying operations at the Carrières du Hainaut’s Belgian site, details of which are set out in paragraph 16.1(h) of Part VII of this document
“Lhoist”	Lhoist S.A., a family-owned lime, dolomite and mineral products business, headquartered in Belgium
“Liberum Capital”	Liberum Capital Limited of Ropemaker Place, Level 12, 25 Ropemaker Street, London EC2Y 9LY, United Kingdom
“London Stock Exchange”	London Stock Exchange plc
“Long Stop Date”	31 December 2021, being the date set out in the Nordkalk Share Purchase Agreement by which all of the conditions thereto must be satisfied
“LTIP”	the long term incentive plan which is proposed to be adopted by the Company subject to Shareholder approval, to be known as the SigmaRoc Performance Share Plan, details of which are set out in paragraph 12 of Part VII of this document
“MiFID II”	EU Directive 2014/65/EU on markets in financial instruments.
“NATO”	North Atlantic Treaty Organization
“New Facility”	the new syndicated senior secured credit facilities of up to £305 million, provided by the Lenders, which comprises the Term Loan and RCF and which will replace the Existing Facility
“New Ordinary Shares”	together, the Placing Shares, and the Consideration Shares and the Retail Offer Shares
“NICO programme”	the “New, Inspiring, Cooperative and Open” internal performance improvement programme launched by Nordkalk in early 2019

“NK East Oy”	a company in the Nordkalk Group incorporated and registered in Finland, which is the holding company of Nordkalk’s Russian Subsidiary and Nordkalk’s Ukrainian Subsidiaries
“Nominated Adviser”	Strand Hanson Limited of 26 Mount Row London W1K 3SQ, United Kingdom
“Nomination Committee”	the nomination committee of the Board
“Non-Executive Directors”	the Non-Executive Directors, who as at the date of this document, are Simon Chisholm, Jacques Emsens, Tim Hall and Garth Palmer and who, on Admission, shall be Simon Chisholm, Jacques Emsens and Tim Hall
“Nordkalk Group”	Nordkalk and its subsidiary undertakings as at the date of this document
“Nordkalk’s Russian Subsidiary”	OOO Nordkalk
“Nordkalk Share Purchase Agreement”	the agreement dated 15 July 2021 made between the Company and the Seller pursuant to which the Company has conditionally agreed to purchase from the Seller the entire issued share capital of Nordkalk, further details of which are set out in Part A of Part II of this document
“Nordkalk’s Ukrainian Subsidiaries”	Nordkalk Ukraine TOV and NK Prykarpattya TOV
“Notice”	the notice of General Meeting which is set out in Part VIII of this document
“Numis Securities”	Numis Securities Limited of 10 Paternoster Square, London, EC4M 7LT, United Kingdom
“NorFraKalk”	NorFraKalk SA, a Norway incorporated joint venture company equally owned by Nordkalk and Franzefoss
“Nordic”	a region comprising Finland, Iceland, Norway, Denmark, Sweden, and the Faroe Islands
“Nordkalk”	Nordkalk Oy Ab
“Nordkalk Group”	Nordkalk and its subsidiary companies and undertakings
“Official List”	the Official List of the FCA
“Omya”	Omya AG
“NK East Share Purchase Agreement”	the conditional agreement between the Company and Nordkalk dated 15 July 2021, pursuant to which the Company may acquire NK East Oy for €1, further details of which are set out in Part B of Part II
“Option Plan”	the option plan adopted by the Company in 2016, further details of which are set out in paragraph 10.1 of Part VII of this document
“Ordinary Shares”	ordinary shares of £0.01 each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Peel Hunt”	Peel Hunt LLP of 7th Floor 100 Liverpool Street, London EC2M 2AT, United Kingdom

“PERC”	Pan European Reserves and Resources Reporting Committee which administers the PERC Code
“PERC Code”	the code of that name for the reporting of exploration results, mineral resources and mineral reserves and which sets out minimum standards, recommendations and guidelines for the United Kingdom, Ireland and Europe, as administered by PERC
“Placing”	the conditional placing of the Placing Shares by the Joint Bookrunners at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated on or around the date of this document and made between the Company, the Nominated Adviser and the Joint Bookrunners relating to the Placing, further details of which are set out in paragraph 14 of Part I of this document
“Placing Price”	85 pence per Placing Share or Retail Offer Share
“Placing Shares”	the 305,882,352 new Ordinary Shares to be issued by the Company pursuant to the Placing
“Polish Competition Office”	the Office of Competition and Consumer Protection in Poland
“Polish Competition Office Clearance”	the clearances that SigmaRoc is required to obtain from the Polish Competition Office in order to complete the Acquisition and for Admission to occur
“Poundfield Precast”	Poundfield Precast Limited
“PPG”	the Existing Group’s Precast Products Group platform based in the UK
“PrimaryBid”	PrimaryBid Limited, a company incorporated in England and Wales with registered number 08092575
“Proposals”	together, the Acquisition, the Placing and Admission
“Prospectus Regulation”	Prospectus Regulation (EU) 2017/1129
“Prospectus Regulation Rules”	the prospectus regulation rules made by the FCA under Part VI of FSMA, as amended
“QCA Code”	the QCA Corporate Governance Code published by the Quoted Companies Alliance from time to time
“RCF”	a revolving credit facility of £100 million provided by the Lenders to the Company
“Remuneration Committee”	the remuneration committee of the Board
“Resolutions”	the resolutions to be proposed at the General Meeting
“Retail Offer”	the separate offer of up to 7,650,000 Retail Offer Shares which was made to Retail Offerees at the Placing Price, further details of which are set out in paragraph 16 of Part I of this document
“Retail Offerees”	PrimaryBid’s clients who are resident in the UK, from whom PrimaryBid may determine to accept applications in the Retail Offer
“Retail Offer Shares”	the 1,880,301 new Ordinary Shares to be issued under the Retail Offer

“Rettig Group”	Rettig Group Oy Ab
“ROIC”	return on invested capital, a profitability or performance ratio that aims to measure the percentage return that a company earns on invested capital
“Ronez”	Ronez Limited, the Existing Group’s Channel Islands based business
“RTO Option Plan”	the option plan adopted by the Company in 2016, which was conditional upon the acquisition of Ronez, details of which are set out in paragraph 10.1 of Part VII of this document
“S&P”	S&P Global Inc. (NYSE:SPGI)
“Santander”	Banco Santander, S.A. (LON: BNC), a multinational banking group operating as Santander Group
“Santander UK”	the UK branch of the Santander business
“Shareholder”	a holder of Ordinary Shares
“SEDOL”	Stock Exchange Daily Official List
“Seller”	the sole shareholder of Nordkalk, being Rettig Group
“SigmaGSY”	SigmaGSY Limited, the Existing Group’s shipping business
“SKOY”	Suomen Karbonaatti Oy, a joint venture company between Nordkalk (51 per cent.) and Omya Oy (49 per cent.), a subsidiary of Switzerland-based industrial minerals company Omya
“SMA Mineral”	SMA Mineral AB
“SONIA”	Sterling Overnight Index Average
“Stone Holdings”	Stone Holdings S.A.
“Term Loan”	a five year term loan of £205 million provided by the Lenders to the Company to part finance the Acquisition and to pay financing costs
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK MAR”	the UK version of the EU Market Abuse Regulation (596/2014) as it forms part of the retained EU law as defined in the EUWA
“UK Prospectus Regulation”	the UK version of the Prospectus Regulation as it forms part of EU retained law by virtue of the EUWA
“uncertificated” or “in uncertificated form”	recorded on a register of securities maintained by Euroclear UK & Ireland Limited in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“underlying”	in relation to stated financial figures, such as EBITDA, earnings per share and profit before tax, underlying figures are stated before acquisition related expenses, certain finance costs, redundancy and reorganisation costs, impairments, amortisation of acquisition intangibles and share option expense
“UNFC”	United Nations Framework Classification for Resources

“Verdalskalk”

Verdalskalk AS, a joint venture company incorporated in Norway, in which Nordkalk holds a 10 per cent. equity interest

“World Bank”

the World Bank Group

References to a “company” in this document shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

For the purpose of this document, “subsidiary” and “subsidiary undertaking” have the meanings given by the Companies Act 2006.

In this document any reference to any EU directive, EU regulation, EU decision, EU tertiary legislation or provision of the EEA agreement (an **“EU Matter”**) which forms part of domestic law by application of the EUWA shall be read as a reference to that EU Matter as it forms (by virtue of the EUWA) part of retained EU law and as modified by domestic law from time to time. For the purposes of this paragraph, (i) “domestic law” shall have the meaning given in the EUWA; and (ii) any other words and expressions shall, unless the context otherwise provides, have the meanings given in the EUWA.

GLOSSARY OF TECHNICAL TERMS

°C	degrees Celsius
°F	degrees Fahrenheit
aggregate	aggregates are small rock fragments (typically 0.08mm to 80mm in diameter) of mineral origin. Aggregates come in different types: maritime, fluvial and terrestrial. They may be sand, gravel or crushed gravel. Aggregates, mixed with water and cement, are essential for the production of concrete
aragonite	a carbonate mineral, one of the three most common naturally occurring crystal forms of calcium carbonate
asphalt	a mixture of bitumen and mineral aggregates used in the construction of road and car park surfaces
Bluestone	a high value blue coloured decorative limestone extracted from the Existing Group's CDH quarry, which has distinct characteristics and is a Global Heritage Resource
Ca(OH)₂	calcium hydroxide or slaked lime, produced by adding water to quicklime
CaCO₃ or calcium carbonate	calcium carbonate, a substance found in sedimentary rocks such as limestone, predominately in the crystalline forms of calcite and aragonite
calcination	a heating process whereby a substance is purified and, as used specifically in this document, the transformation of limestone to lime
calcite	is a carbonate mineral and the most stable polymorph of calcium carbonate
calcium silicate	a lightweight, porous, chalky material, which is used for insulation, being suitable for temperatures up to 1200°F (649°C), as an anticaking agent in food production and as an antacid
CaO or calcium oxide	calcium oxide, otherwise known as quicklime or lime
CAPEX	capital expenditure
CaS or calcium sulphide	calcium sulphide, a substance produced in steel manufacturing when limestone reacts with sulphur, which goes into slag
causticising	a reaction in which sodium carbonate in green liquor reacts with calcium hydroxide from the slaker to form sodium hydroxide and calcium carbonate
cement	cement is a hydraulic bonding agent which is obtained by heating, then grinding, a mixture of limestone and clay. Most cements are made from clinker and additives and are usually used in the form of a powder. Cement sets when mixed with water. Combined with sand and aggregates (sand or gravel), it turns into rock-hard concrete or mortar
CO₂	carbon dioxide

concrete	concrete is a building material made by mixing water, aggregates and sand with a binding agent (usually cement) and, if necessary, with additives. This mixture is made on building sites and in factories
DWT	deadweight tonnage, a measure of how much weight a ship can carry. It is the sum of the weights of cargo, fuel, fresh water, ballast water, provisions, passengers and crew
dolomite	an anhydrous calcium magnesium carbonate mineral with a chemical composition of $\text{CaMg}(\text{CO}_3)_2$
E1, E2, etc.	a resource product classification tool of environmental-social-economic viability, as administered by UNFC (see <i>Mineral Reserves and Potential Reserves</i> of Part I)
F1, F2, etc.	a resource product classification tool of technical viability, as administered by UNFC (see <i>Mineral Reserves and Potential Reserves</i> of Part I)
G1, G2, etc.	a resource product classification tool of confidence in an estimate, as administered by UNFC (see <i>Mineral Reserves and Potential Reserves</i> of Part I)
GCC	ground calcium carbonate
Ha	a hectare is a non-SI metric unit of area equal to a square with 100-metre sides (1hm^2), or $10,000\text{m}^2$, and is primarily used in the measurement of land
H₂O	the chemical formula for water
igneous rock	a rock that has formed through the cooling and solidification of magma or lava
kg	kilogram
kt	thousand tonnes
ktpa	thousand tonnes per annum
licence, lease or permit	any form of licence, permit, lease or other entitlement granted by the relevant Government department in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract minerals that might be contained in the land, or ownership title that may prove ownership of the minerals
lime or quicklime	a limestone product with the chemical formula CaO , produced by heating limestone at high temperatures in kilns, which has a range of uses, including in the production of iron and steel, paper and pulp production, treatment of water and flue gases and in the mining industry
limestone	is a sedimentary rock composed primarily of the calcite and aragonite minerals, both of which are formed from calcium carbonate
Mt	million tonnes
Mtpa	million tonnes per annum

MWh	megawatt-hour, a unit for measuring power that is equal to 1,000 kilowatts of electricity being used continuously for one hour
PCC	precipitated calcium carbonate
pH	a logarithmic scale used to measure of how acidic/basic a solution is. The pH scale ranges from 0 to 14, with 7 being neutral. pHs of less than 7 indicate acidity, whereas a pH of greater than 7 indicates a base
slag	the silicon dioxide and metal oxide mixture left over as a by-product of extracting metal from its ore during the smelting process
slaking	the process of adding water to calcium oxide (quicklime) to produce calcium hydroxide (slaked lime or hydrated lime)
Reserves	in the case of Nordkalk, the estimate of reserves which represents a 'commercial project' pursuant to the UNFC classification system, where the relevant permitting has been approved and the E1, F1 and G1 or G2 criteria under UNFC are met. In the case of the Existing Group, Reserves represent the estimate of the part of a Resource that has more certainty and considers non geological factors such as permitting, feasibility assessments, social and environmental factors, and also factors diluting materials and allowances for losses, which may occur when the material is mined or extracted
Resources	a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. In the case of Nordkalk, Resource estimates represent the estimate of potential reserves where the E2, F2 and G1, G2 or G3 criteria under UNFC classification are met. In the case of the Existing Group, Resources represent the estimate of the potentially viable mineable minerals
tpa	tonnes per annum
tph	tonnes per hour
wharves	plural of wharf , a structure on the shore of a harbour or on the bank of a river or canal where ships may dock to load and unload cargo or passengers
Wollastonite	a naturally occurring mineral which is a chemical combination of calcium, silicon and oxygen. It is formed when limestone, or other high-calcium rocks, undergo high temperature and pressure changes sometimes in the presence of silica-bearing fluids such as in skarns or contact metamorphic rocks

PLACING STATISTICS

Placing Price	85 pence
Number of Existing Ordinary Shares	279,876,576
Number of New Ordinary Shares (in aggregate) to be issued by the Company	358,039,174
Number of Placing Shares to be issued by the Company	305,882,352
Number of Consideration Shares to be issued by the Company	50,276,521
Number of Retail Offer Shares to be issued by the Company	1,880,301
Enlarged Share Capital in issue immediately following Admission	637,915,750
Percentage of Enlarged Share Capital represented by the New Ordinary Shares	56.13%
Percentage of Enlarged Share Capital represented by the Placing Shares	47.95%
Percentage of Enlarged Share Capital represented by the Consideration Shares	7.88%
Percentage of Enlarged Share Capital represented by the Retail Offer Shares	0.29%
Market capitalisation of the Company at the Placing Price on Admission	£542.2 million
Gross proceeds of the Placing receivable by the Company	£260.0 million
Estimated net proceeds of the Placing receivable by the Company	£241.9 million
Gross proceeds of the Retail Offer receivable by the Company	£1.6 million
ISIN code	GB00BYX5K988
SEDOL code	BYX5K98
AIM TIDM	AIM:SRC
LEI code	213800Q3CJUERBGD1E44

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	16 July 2021
Latest time for receipt of proxy forms for the General Meeting	11.00 a.m. on 29 July 2021
General Meeting	11.00 a.m. on 2 August 2021
Polish Competition Office Clearance expected by	Late August 2021
Expected timing for completion of the Acquisition	Late August 2021
Issue of New Ordinary Shares	Late August 2021
Admission and dealings commence in the Enlarged Share Capital on AIM	Late August 2021
CREST accounts credited by	Late August 2021
Despatch of definitive share certificates, where applicable, by	within 10 business days of Admission

Notes:

Each of these times and dates is subject to change, particularly depending on the timing of the Polish Competition Office Clearance and are at the absolute discretion of the Company, the Nominated Adviser and the Joint Bookrunners. Any changes to the expected timetable will be notified by the Company through an RIS. References to times are to London, UK times.

PART I

LETTER FROM THE CHIEF EXECUTIVE OFFICER OF SIGMAROC PLC

SIGMAROC PLC

(Incorporated and registered in England and Wales under Company Number 05204176)

Existing Directors:

David Barrett *(Chairman and Executive Director)*
Max Vermorken *(Chief Executive Officer and Executive Director)*
Dean Masefield *(Finance Director and Executive Director)*
Garth Palmer *(Non-Executive Director)*
Simon Chisholm *(Senior Independent Non-Executive Director)*
Jacques Emsens *(Independent Non-Executive Director)*
Tim Hall *(Non-Executive Director)*

Registered address:

7-9 Swallow Street
London W1B 4DE
England

16 July 2021

To the holders of Existing Ordinary Shares and, for information only, to holders of options

Dear Shareholder,

**PROPOSED ACQUISITION OF NORDKALK OY AB
PLACING OF 305,882,352 PLACING SHARES AND ISSUE OF 50,276,521
CONSIDERATION SHARES AT 85 PENCE PER SHARE,
ADMISSION OF THE ENLARGED SHARE CAPITAL TO TRADING ON AIM
AND
NOTICE OF GENERAL MEETING**

1. INTRODUCTION

On 15 July 2021, the Company announced that it had entered into the Acquisition Agreements pursuant to which it has conditionally agreed to acquire the entire issued capital of Nordkalk, a wholly-owned subsidiary of Rettig Group, for a total Consideration of approximately €470 million (approximately £402 million) subject to certain adjustments including in respect of cash, debt and working capital. 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 the New Facility, and the issue of the €50 million (approximately £43 million) Consideration Shares to Rettig Group at the Placing Price.

Due to its size, the Acquisition constitutes a reverse takeover of the Company pursuant to Rule 14 of the AIM Rules for Companies and completion is therefore conditional on, *inter alia*, the approval of Shareholders at the General Meeting and the passing of the Resolutions numbered 1 and 2. Notice of the General Meeting is set out in Part VIII of this document.

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. Nordkalk develops limestone-based solutions for agricultural, construction and chemical industries and its main products are crushed limestone, limestone powder, quicklime and hydrated lime. Nordkalk delivers raw materials to numerous industries, and its solutions contribute to clean air and water, as well as the productivity of agricultural land. Nordkalk operates at more than 30 different locations across Finland, Sweden, Norway, Poland, Estonia and Russia, with its main sites and the majority of revenue for the year ended December 2020 being derived from Finland (49 per cent.), Sweden (23 per cent.) and Poland (22 per cent.).

In 2020, Nordkalk recorded revenue of €276 million, underlying EBITDA of €67 million, profit before tax of €41 million and had approximately 817 employees. The Nordkalk Group's assets comprise 19 active quarry sites, 15 grinding plants, nine kiln sites, four slaking plants and 12 wharves. Nordkalk's limestone quarrying operations host estimated aggregate Reserves of approximately 262Mt and 577Mt of Resources. Further information on Nordkalk is set out in paragraph 6 of this Part I.

In conjunction with the Acquisition, the Company has also announced that it has conditionally raised approximately £260 million (before expenses) via the issue of 305,882,352 Placing Shares at the Placing Price of 85 pence. The net proceeds receivable by the Company will be used, alongside approximately £128 million of debt funding that will be drawn down from the £305 million New Facility (the remainder of which will refinance the Existing Facility and provide additional headroom), to settle the cash consideration element of the Acquisition, being approximately €420 million (approximately £359 million). The Placing and the Acquisition are inter-conditional and are both subject to, *inter alia*, Shareholder approval at the General Meeting.

In addition, PrimaryBid also announced the separate Retail Offer of up to 7,650,000 Retail Offer Shares at the Placing Price. The Retail Offer is conditional on the Placing, the Acquisition and Admission and is being undertaken to facilitate potential retail participation in the Company. The Retail Offer Shares will be issued pursuant to new share authorities which will be requested at the General Meeting. Admission of the Retail Offer Shares will occur at the same time as the Placing Shares and Consideration Shares. The Retail Offer is conditional on completion of the Placing and the Acquisition.

The notice of the General Meeting is set out at the end of this document. The General Meeting will be held at 11.00 a.m. on 2 August 2021 at the offices of the Company at 56 Queen Anne Street, London W1G 8LA, United Kingdom. Your attention is drawn to paragraph 27 of this Part I of the document, which sets out certain considerations relating to procedures at the General Meeting which will be put in place due to the ongoing COVID-19 pandemic. Shareholders and corporate representatives are strongly encouraged to submit their proxy appointments and instructions as soon as possible using any of the methods set out in the “Notes to the Notice of the General Meeting” at the end of the Notice of General Meeting to ensure that their votes are registered. The Board strongly advises members to appoint the Chairman of the General Meeting as proxy for all votes, rather than a named individual. This will ensure that your votes will be counted.

The purpose of this document is to set out the details of, and reasons for, the Proposals and explain why the Directors consider the Proposals to be in the best interests of the Company and its Shareholders, and recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

You should read the whole of this document and not just rely on the information contained in this letter. In particular, you should consider carefully the “Risk Factors” set out in Part III of this document. Your attention is also drawn to the information set out in the other Parts of this document.

2. BACKGROUND TO, AND REASONS FOR, THE PROPOSALS

At its inception in 2016, the Company set out its buy and build strategy in the construction materials sector, seeking to build a diversified stream of income, sourcing stability and growth from niche markets and sectors, presenting what the Board believed was the opportunity to build a significant Northern Europe focused construction materials business in less than five years. To date, the Company has delivered on this buy and build strategy by making 10 acquisitions over the last five years, applying a decentralised operating model, to allow maximal autonomy to its platforms, which are focused on serving the needs of niche and localised markets.

Since Admission in early 2017, the Company has delivered growth through a combination of identifying and executing suitable acquisitions at attractive valuations, generating further value through improvements in operational efficiency, synergies and cross-selling, whilst ensuring the Existing Group’s gearing level was maintained at reasonable levels, thereby delivering an increase in earnings per share of over 300 per cent. over the last five years.

The Directors believe that the Acquisition represents a continuation of this model and a transformational step change for SigmaRoc, adding a new platform to create a market leading Northern European quarried materials group, providing a major entry point to attractive new end-user markets, with high value add characteristics, supplying the construction, environmental, agricultural, metals, pulp and chemical industries.

The Acquisition is expected to be significantly earnings enhancing in its first full year of ownership by SigmaRoc and the Directors believe that there is the potential for increased efficiencies in the existing Nordkalk business to further drive earnings growth as well as the opportunity to sell its products via the Existing Group’s existing sales channels.

The Directors further believe that the Acquisition represents an opportunity to acquire high quality and well-managed assets, providing the Company with an additional strong operating platform and stable cash flows, from which SigmaRoc can further execute its growth strategy, both organically and via further acquisitions. This strategy is intended to see the Company grow a diversified stream of income, sourcing a combination of growth acquisitions and stable cash flows from local markets across Europe and is consistent with the Company's 'Invest, Improve, Integrate, Innovate' strategy.

3. KEY INVESTMENT PROPOSITION

The Directors believe that the key investment proposition relating to the Enlarged Group is as follows:

- Acquisition of a self-sustaining profitable business, with a long-term track record, operating in stable and developed jurisdictions, which generated €67 million underlying EBITDA and €61 million net underlying operating cash flow for the year ended 31 December 2020. The Board believes the Acquisition will represent the cornerstone for a new Northern European business platform, offering immediate scale and revenue diversification.
- The Consideration represents a price of 7x underlying FY20 EBITDA and the Acquisition is expected to be significantly earnings enhancing in its first full year of ownership. Nordkalk 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.
- Through a number of strategies, including improving Nordkalk's sales mix to focus on higher-value products and efficiency gains from planned improvement programmes, the Enlarged Group will be targeting organic revenue growth of approximately 5 per cent. per annum, EBITDA margins in excess of 20 per cent. and ROIC of approximately 15 per cent.
- The Enlarged Group would have a strong balance sheet with net debt expected to be less than 2x FY2021 pro forma EBITDA, with a New Facility on commercially attractive rates being provided to refinance existing debt and part fund the Acquisition led by existing supportive lender, Santander. The Company will amortise £75 million of this debt in the first four years following the Acquisition.
- The Enlarged Group would be 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.
- The Enlarged Group would provide a diversified mix of product, supplying over 17.8Mt of material per year to customers, with 15.2Mt of both aggregates and specialist, higher value products, being supplied to mainstream applications such as construction, and 2.6Mt being supplied to specialist high margin tailored operations, such as the metals, pulp & paper and chemical industries.
- SigmaRoc has built a solid track record of acquiring and improving asset-and-reserves-backed businesses, successfully delivering both organic and external growth. This has been shown through the 10 acquisitions made over the course of the last five years, with an increase of in excess of 450 per cent. in market capitalisation and an increase in EPS of in excess of 300 per cent.
- A retained, committed Board and management team, with proven experience in the construction materials sector, including the acquisition and integration of businesses on scale, contributing significant existing knowledge to enhance Nordkalk's operations.
- Significant operational experience via the retention of Nordkalk's management team, bringing over 60 years' experience in operating and maintaining assets in the sector. Given their specialised experience, Nordkalk's management team is expected to be involved in appraising future acquisition opportunities and SigmaRoc's management will work with them to drive increased operational efficiencies which the Directors believe can be achieved.
- The Company is seeking Shareholder approval to implement the LTIP to ensure alignment of management and Shareholders' interests. The plan will be subject to meeting 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.

- The Company estimates that there are approximately 9,000 minerals producers and over 15,000 production sites located in the key countries that the Company is targeting, where there is currently a significant opportunity for consolidation and expansion of the Enlarged Group's European footprint and mineral resource base.
- The Board intends to use the free cash flow generated from the combined operations to fund further acquisitions, where the Board expects the Company to: (i) develop potential further transactions that may arise from divestments or disposals at major cement and heavy building materials companies; and (ii) pursue the acquisition of quality and niche market assets.

4. HISTORY OF THE EXISTING GROUP

Company History

The Company was incorporated on 12 August 2004 and was initially the holding company of an Israeli software company. On 22 August 2016, Shareholders approved resolutions to give effect to a restructuring, which included the disposal of the Company's operational subsidiaries, the change of name to SigmaRoc plc, a revised strategy and the appointment of, *inter alios*, Max Vermorken and David Barrett, as Chief Executive Officer and Executive Chairman, respectively.

On 3 January 2017, at a general meeting of the Company, Shareholders voted in favour of the Company's first acquisition, being the reverse takeover of Ronez for £45 million in cash, funded by way of a placing of 100,000,000 new Ordinary Shares at 40 pence per share and the issue of 10,000,000 convertible loan notes at £1 per note, to raise approximately £50 million (before expenses). On 5 January 2017, the acquisition of Ronez completed and the enlarged SigmaRoc group was admitted to trading on AIM. The 10 million of convertible loan notes were repaid in full in January 2019.

On 19 October 2017, the Company announced the acquisition of Topcrete Limited and its wholly owned subsidiary Allen Concrete Limited, a specialist precast concrete producer, for an initial cash consideration of £9 million and a deferred conditional cash consideration of £3.5 million.

On 20 December 2017, the Company announced the acquisition of Poundfield Precast, a UK-based group of businesses specialising in patented concrete products and systems, for a total consideration of £10.25 million, comprising an initial cash consideration of £9.5 million on a debt free / cash free basis and deferred consideration of £0.75 million, conditionally payable one year from completion and satisfied by the issue of new Ordinary Shares. The initial cash consideration was funded by way of a placing of 34,000,000 new Ordinary Shares at a placing price of 41 pence per share, raising £13.9 million.

On 22 June 2018, the Company acquired the lease over Foelfach Quarry, a high value polished stone value quarry in South Wales, for an immaterial consideration. This marked the launch of the Company's third platform, focused on west and south-west of the UK.

On 10 December 2018, the Company announced it had agreed to acquire the entire issued share capital of CCP, a UK-based concrete blocks and aggregates business with multiple sites in Northwest England, for an initial cash consideration of £15.21 million and a deferred consideration of three payments of approximately £0.57 million to each of the vendors on each of the first, second and third anniversaries of the date of completion, of which the third payment is outstanding and due in January 2022. The Company also agreed to pay a further deferred cash consideration to the vendors based on the EBITDA growth of CCP over the three financial years following completion, whereby 30 per cent. of the EBITDA growth over pre-defined annual targets will be payable to the vendors at a multiple of 6.25 times, with an aggregate cap of £15 million. On 25 January 2019, the Company announced it had successfully placed 30,257,053 new Ordinary Shares at a price of 41 pence per share, raising gross proceeds of £12.4 million, to part-fund the initial consideration for the acquisition of CCP. To date, £1.71 million of deferred consideration has been paid to the vendors.

On 15 April 2019, the Company announced that it had acquired a 40 per cent. equity interest in GD Harries, a significant limestone quarrying group located in South Wales, for a cash consideration of £4.89 million, along with an option agreement with the owners of GD Harries, providing the exclusive right to purchase the remaining 60 per cent. of GD Harries for a cash consideration of £7.5 million. On 22 September 2020, the Company exercised this option and GD Harries became a wholly owned subsidiary of the Existing Group.

On 11 September 2019, the Company announced it had conditionally agreed to purchase Belgian sea defence rock quarrying group, Stone Holdings, for a transaction value of up to €2.2 million, comprising up to €1.3 million staged consideration and €0.9 million of assumed debt. The consideration was settled through a combination of cash and the issue of new Ordinary Shares at a price of 50 pence per share. Alongside the acquisition of Stone Holdings, renowned industrialist, Jacques Emsens, one of the vendors of Stone Holdings, agreed to join the Board, and this represented the launch of the Company's platform in the Benelux region.

On 15 October 2019, the Company announced the acquisition of CDH, a Belgian blue limestone and aggregates business. The consideration for the acquisition was €45.1 million, comprising an initial consideration of €29.1 million and deferred consideration of €16.0 million in cash, whereby the deferred consideration would be settled via €2.0 million which was paid on the first anniversary of completion and €14.0 million to be paid on the second anniversary. In conjunction with the acquisition of CDH, the Company completed a placing of £32.8 million, at a price of 41 pence per share, with net proceeds used to satisfy the initial consideration of £25.8 million (€29.1 million) payable and the balance providing the Company with additional funds for future investment opportunities and general working capital.

On 9 December 2020, the Company announced the successful completion of a placing, raising gross proceeds of approximately £12.4 million at a price of 51 pence per share to deploy further capital in investment opportunities. On 22 December 2020, the Company announced it had entered into a new multi-currency syndicated senior credit facility (the Existing Facility) of up to £125 million with a consortium led by its existing lender, Santander UK, and including several major UK and European banks. The credit facility, which comprised an £85 million committed term facility and a £40 million accordion option with a term of five years (non-amortised during the first three years).

On 11 February 2021, the Company announced its launch of the UK's first cement free ultra-low carbon concrete building block under a new brand, Greenbloc. SigmaRoc's Greenbloc range is completely cement free and materially reduces the carbon footprint of these blocks when compared to a traditional product, providing an average net reduction in embodied CO₂ ('eCO₂') of 77 per cent. per concrete block (representing an average reduction equivalent to the CO₂ emitted by an average household's electricity consumption for four years). The Company has since rolled out its Greenbloc product to all of its PPG platform manufacturing sites across the UK.

On 26 March 2021, the Company announced the expansion of its Belgian aggregates operations, entering into an agreement to assume control of LafargeHolcim's quarrying operations, which are co-located at CDH's Belgian site, providing a platform for the significant expansion of the Company's European aggregates business. At the same time, the Company incorporated a new subsidiary and launched a new brand for its quarrying operations, Granulats du Hainaut, which agreed to supply LafargeHolcim in Belgium with a minimum of 1.5Mt of aggregates per year until 31 December 2024, under a take or pay agreement, for which the Company will charge a production margin. Additional volumes produced are subject to a pre-emption right by LafargeHolcim or to be utilised by the Company.

On 7 April 2021, the Company announced the acquisitions of the B-Mix and Casters Belgian concrete businesses from Groep Janssens N.V., for a combined cash consideration of €13 million. Following these acquisitions and the creation of the Granulats du Hainaut aggregates brand, the Company separated its European heavy-side materials operations into two separate platforms, with CDH continuing as a Europe-wide dimension stone platform, and the creation of a newly integrated concrete and construction aggregates platform including Granulats du Hainaut, Stone Holdings, B-Mix and Casters.

On 15 June 2021, the Company announced that it had entered into a joint venture agreement with major Calais based high grade limestone and construction materials company, Carrières du Boulonnais, which became a 25 per cent. shareholder in Granulats du Hainaut, with the aim of expanding into a Benelux and Northern France wide supplier of limestone products. As part of the joint venture, Carrières du Boulonnais agreed to co-fund the new crushing and screening installations at the Existing Group's aggregates operations at CDH.

5. DESCRIPTION OF THE EXISTING GROUP

Business Model and Strategy

The Company's acquisition strategy to date has been focused on ensuring that each business that it acquires is able to operate independently and is not just a route to market. This decentralised business model allows the Company to ensure that all its product and service offerings can perform optimally, leveraging group opportunities where possible and taking advantage of regional dynamics. This has allowed SigmaRoc to build a competitive construction materials group focused on the long term.

The Company's business model has been founded on five simple statements:

Commodity market set apart by quality of product and service: A family approach of being local and personally known to the customer base, combined with the management skills and disciplined approach of a major construction materials producer.

Local products that do not travel: Construction materials are generally a local product, consumed and produced locally, due to their high mass to price ratio. This brings a particular dynamic to the sector, focused on local and fragmented demand trends.

Synergies are local not global: Each local market is different, with its own particularities, competitive pressures and history. This platform structure allows local synergies to be maximised that are best for each platform ensuring true cost savings and empowered businesses.

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

Decentralised approach: A decentralised approach that extracts maximum competitive value from each business; reducing unnecessary central costs and ensuring self-sustaining value driven businesses; by empowering high quality autonomous management. This decentralised model allows the Existing Group's platforms and businesses to focus on their delivery whilst a lean group level structure ensures governance and performance of the operations and the ability to engage in proactive investment activities.

The Company's strategy is centered around four core principles:

Invest: The Company only invests in businesses with solid intrinsic value, where there is the potential for growth and improvement and the business can be acquired at an attractive valuation.

Improve: The Company appropriately motivates local management teams to drive growth and optimise each business offering to the local market and community, which in turn should improve the operational and financial performance of the business.

Integrate: Through the building and acquisition of complementary and compatible businesses, the Company aims to recognise and build on the value that previous owners have built, while improving efficiency and unlocking lower cost / high value synergies.

Innovate: As demonstrated by the introduction of the new Greenbloc product in February 2021, the Company strives to provide innovative product and service solutions to address current and future challenges facing the construction material industry, including utilising technological advances to improve the running of existing businesses and continuously challenging the status quo to seek to address expected social and environmental challenges.

Existing Group Structure

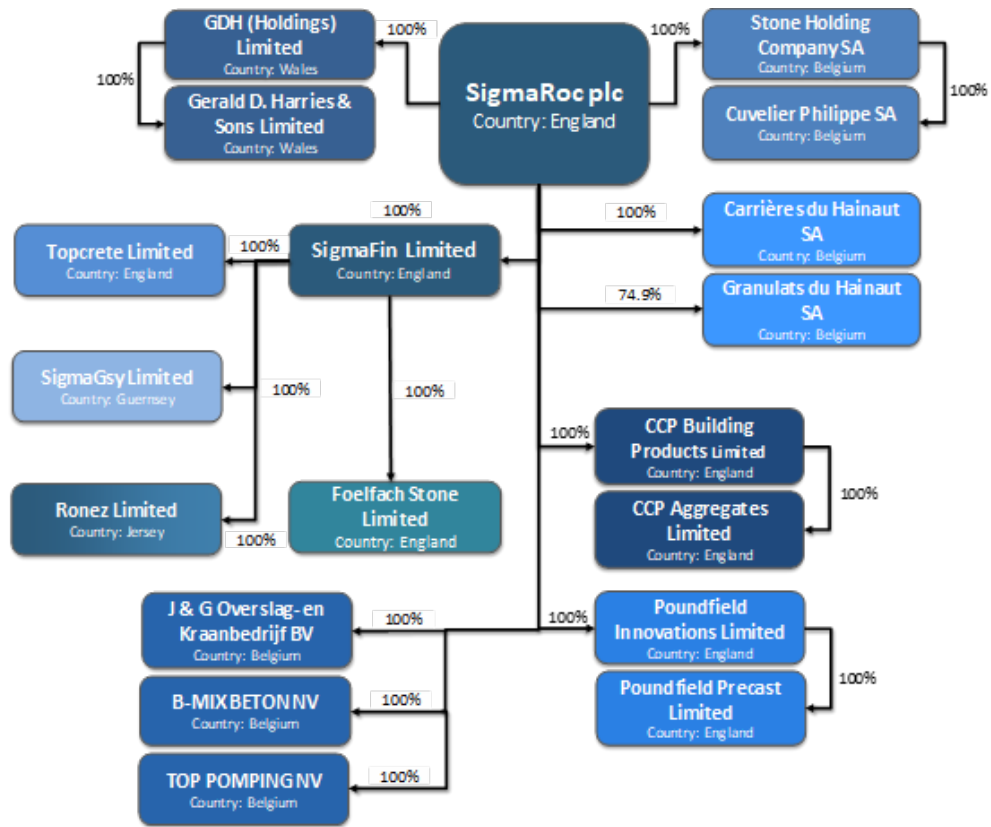


Figure 1: Existing Group structure (material operating companies only, simplified structure)

Existing Group and Platforms

The Existing Group comprises five platforms across the UK, Channel Islands and Belgium. The Existing Group operates 31 operating units across its platforms, with five core product streams, employing approximately 1,026 people. The Existing Group has approximately 400Mt of Reserves and Resources and an annual production volume of approximately 4.5Mt.

A map showing the location of each key site is shown in Figure 2 below, with a description of the five core operating platforms summarised below.

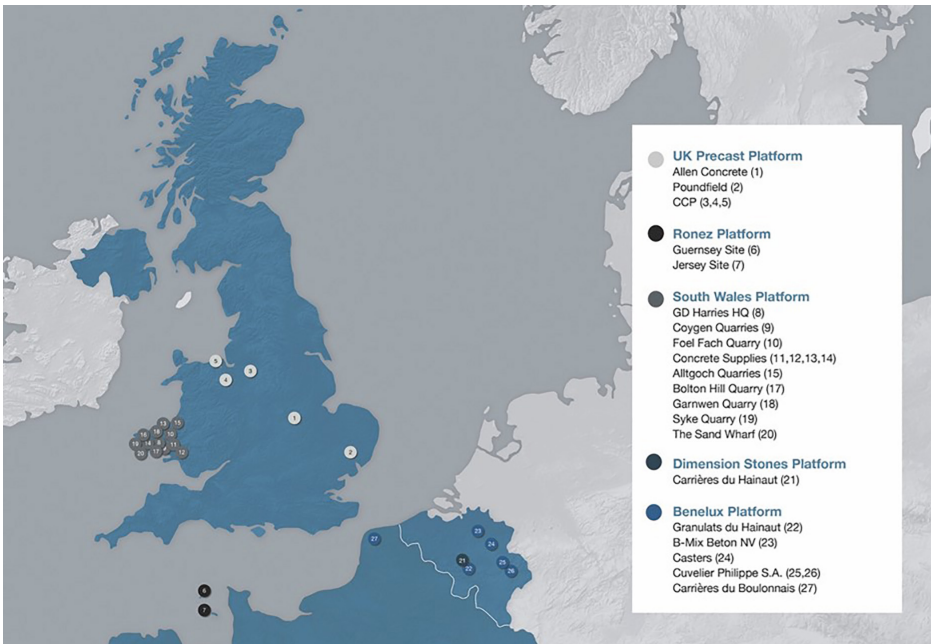


Figure 2: map showing the locations of the Existing Group's core operating locations

Platform 1: Channel Islands - Ronez

Ronez represented the first acquisition of the Existing Group, completed in early 2017, and its operations supply the Channel Islands with aggregates, ready-mixed concrete, asphalt and precast concrete products and services. Ronez operating out of St John's Quarry in Jersey and Les Vardes Quarry and Vale Castle in Guernsey, provides a full range of high-quality construction products and services. The Existing Group's shipping business, SigmaGSY, also operates as part of the Channel Islands platform, using a specialised ship to supply dry bulk cementitious material both internally and to third parties across UK, Europe and Scandinavia.

The Ronez quarries host combined mineral volume of 8.7Mt of aggregates, of which 4.4Mt remained subject to planning permission following approval of the Jersey extension, which represents a total of approximately 44 years' worth of production. In June 2021, Ronez obtained planning permission in respect of land covering approximately 7.5 acres of land, increasing the life of quarry from permitted Reserves by an estimated 15 to 20 years. Ronez employs approximately 138 staff, comprising 63 employees in Guernsey and 75 in Jersey. Ronez is the market leader in the Channel Islands, with only one main competitor, which allows Ronez to address the entire market in the Island, working closely with the local authorities, offering asphalt, concrete blocks and aggregate products.

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

Platform 2: Precast Products Group (PPG)

PPG consists of three companies, Poundfield Precast, Allen Concrete and CCP, specialising in manufacturing precast concrete products in England, with total estimated Reserves of 8Mt and Resources of 6.5Mt.

Poundfield Precast is a precast specialist business located near Ipswich in Suffolk, UK, with approximately 68 staff and over 20 patents registered in the UK in respect of its precast products. Some of its products are sold under licence across Europe. Its operations include batching facilities, concrete saw and multiple production lines. Its product line is split across three departments, being: beam & block, retaining walls and bespoke, with the latter being focused on sea defence and car park projects. Poundfield Precast's diversified product portfolio enables it to market and sell to a wide variety of customers including builders, farmers, local councils and merchants, as well as partnering with key companies, such as US based Lindsay Corporation (NYSE: LNN) in producing the Zipper Block system for key Government appointed national infrastructure projects.

Allen Concrete is a wetcast concrete product manufacturer, specialising in concrete fence posts and also producing building products, such as lintels, pier caps, road kerbs and ornamentals. The business was founded over 65 years ago and has developed a strong brand in the construction industry. Allen Concrete operates out of its main site located in Wellingborough, Northamptonshire, where the business employs approximately 41 people. The company sells its specialist, high margin products to three main customer types: building merchants (including Travis Perkins and Jewsons), major infrastructure operators (such as Network Rail), local builders (around London) and farmers.

CCP is one of the largest independent manufacturers and suppliers of concrete products and aggregates in the North-West of England and North Wales, servicing the industry for over 50 years. CCP operates four sites, encompassing a limestone quarry, three production plants and a trading business and produces concrete products and aggregates. CCP has approximately 64 employees and serves two main types of customer: building merchants and architects delivering a wide range of major products.

Michael Roddy has been the managing director of the PPG platform since December 2017. Michael has been working within the building materials / products sector for 16 years.

Platform 3: South Wales

SigmaRoc's South Wales platform was formed following the acquisitions of the Foelfach Quarry lease in June 2018 and GD Harries in April 2019, which is a leading quarrying, asphalt, concrete and contracting

group in South Wales, with 17 operational sites and an estimated 73Mt of Reserves and Resources. The GD Harries business was founded by Gerald Harries and built into the foremost independent regional supplier. The Existing Group's operations in South Wales employ approximately 222 staff and include seven quarries, six concrete plants, three asphalt plants and one wharf.

Nick Clearly, who joined SigmaRoc in 2021, is the Managing Director of South Wales, having previously held the position of Operations Director at Alun Griffiths and prior to that, Managing Director of Galliford Try Highways.

Platform 4: Dimension Stone

In October 2019, SigmaRoc acquired CDH, Europe's largest Bluestone quarry, with an approximate 50 per cent. global market share for its Belgian Blue Limestone (Bluestone) product. Originally founded in 1888, CDH employs approximately 424 people. The existing CDH site has over 100 years of Reserves remaining at current production levels and its operations now cover an area of over 350Ha, following approval of the 117Ha expansion plan. The business' high value Bluestone product is extracted in the form of large blocks (over 850m³ per day), processed into slabs (1 million square metres per annum) and then cut-to-size, producing a diverse range of products for customers such as stone transformers / cutters, wholesalers, building merchants and contractors.

The CDH quarry site is situated in a prime location, with excellent infrastructure to deliver products into Brussels, as well as into neighbouring countries. Currently, 30 per cent. of revenue is generated internationally through more than 100 global partners. CDH has a diversified customer base, with less than 3 per cent. of revenue being generated from its largest Bluestone customer in 2020. CDH has approximately 74.3Mt of Bluestone Reserves with an additional approximately 9.4Mt of Bluestone Resources.

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

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

Platform 5: Benelux

Following the Existing Group taking-over of all of LafargeHolcim's production installations located at CDH during April 2021, shortly followed by the acquisitions of the B-Mix and Casters businesses in Belgium, SigmaRoc created the Granulats du Hainaut (GDH) aggregates brand and separated its European heavy-side materials (Dimension Stone) operations into two separate platforms. CDH continued as a Europe wide dimension stone platform (Platform 4) and a new, integrated, concrete and construction aggregates Benelux platform was created, including the GDH, Stone Holdings, B-Mix and Casters businesses. There are 199.9Mt of aggregate Reserves and 15.3Mt of aggregate Resources attributable to the Benelux platform, in addition to the CDH Bluestone Reserves and Resources.

CDH's Belgium Bluestone quarrying operations produce approximately 1.5Mtpa of high quality aggregates as a by-product, which were previously subject to an inefficient royalty deal with LafargeHolcim, entered into by the previous owners of CDH. Under the terms of the LH Agreement, SigmaRoc has taken-over all of LafargeHolcim's production installations located at CDH for nil consideration and agreed to supply LafargeHolcim with a minimum of 1.5Mtpa of aggregates until 31 December 2024, under an exclusive take or pay agreement, for which SigmaRoc will charge a production margin. Additional volumes produced are subject to a pre-emption right by LafargeHolcim or to be utilised by SigmaRoc. During the period of the agreement, SigmaRoc will build and commission a new aggregates production facility and decommission the old LafargeHolcim installations with its joint venture partner, Carrières du Boulonnais. SigmaRoc does not expect this process to impact on operations and the decommissioning and demolition of the old installation is expected to be cost neutral.

Stone Holdings operates under the name Cuvelier, operating two quarries, a wharf and a contracting business in Belgium, focusing on armour rock for river and sea defence work. The business employs approximately 9 people and its quarries are located in Marchin and Modave, producing a mix of sandstone and limestone, with the main product being gabion stone, which is used in dyke reinforcements, as well as road concrete construction. One of the principal vendors of Stone Holdings was renowned industrialist Jacques Emsens, who joined the Board as part of the acquisition.

B-Mix, located in Tessenderlo, and Casters, located in Genk, operate four concrete plants, producing around 250,000m³ annually. In addition, the B-Mix business includes quayside operations along the Albert Canal which links the cities of Antwerp and Liege and the rivers Scheldt and Meuse. B-Mix and Casters employ approximately 51 employees and operate as a standalone concrete business which includes concrete plants, as well as assets for cement, aggregates and ready-mix concrete logistics, concrete pumping and barge handling.

The Benelux platform is overseen by Emmanuel Maes, who joined SigmaRoc in 2019. Previously Emmanuel served as CEO of Group De Cloedt a Belgian company specialising in dredging, production and commercialisation of sand and gravel (2004-2018), building the business from €40 million to €240 million annual turnover, through organic growth and acquisitions.

Reserves and Resources of the Existing Group

Aggregate deposits, in general, are significantly less complex than other mineral deposits, primarily informed by regional geology. The requirements from drilling and sampling are generally focused on establishing overburden thickness (weathering profile) and geotechnical considerations rather than providing additional evidence for geological continuity.

Also, due to the often extensive nature of such deposits (typically far greater in aerial extent than the permitted area for extraction), mine design is not focused on maximising the 'orebody' extraction, but rather on maximising the amount of 'ore' (aggregate) that can be extracted from a particular permitted area. Accordingly, Resource and Reserve estimation commonly involves a top-down approach, which starts with consideration of the permitted area and then attempts to model full extraction by maximising the pit depth (using practical mining and geotechnical constraints).

SigmaRoc's Reserve and Resource estimates are generally prepared by external consultants. The Existing Group's mineral resources, which are set out in Table 1 below, are classified by jurisdiction in consideration of the above and follow, where practicable, the PERC classification system, which has been widely used and is internationally recognised as part of the CRIRSCO family of codes.

As at the end of 2020, the Existing Group had the following estimated Reserves and Resources:

<i>Platform</i>	<i>Reserves (Mt)</i>	<i>Resources (Mt)</i>	<i>Total (Mt)</i>
Channel Islands	2.5	6.2	8.7
PPG	8.0	6.5	14.5
South Wales	38.3	38.8	77.1
Dimension Stone	74.3	9.4	83.7
Benelux	199.9	15.3	215.2
Total	323.0	76.2	399.2

Table 1: summary of the Existing Group's estimated Reserves and Resources by platform as at 31 December 2020.

6. INFORMATION ON 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.



Figure 3: Nordkalk’s operating locations in Europe (Source: Nordkalk 2020 Sustainability Report)

History of Nordkalk

Nordkalk was incorporated in 1898 as a joint-stock company under the laws of Finland. Nordkalk was registered in the Finnish Trade Register on 27 November 2002.

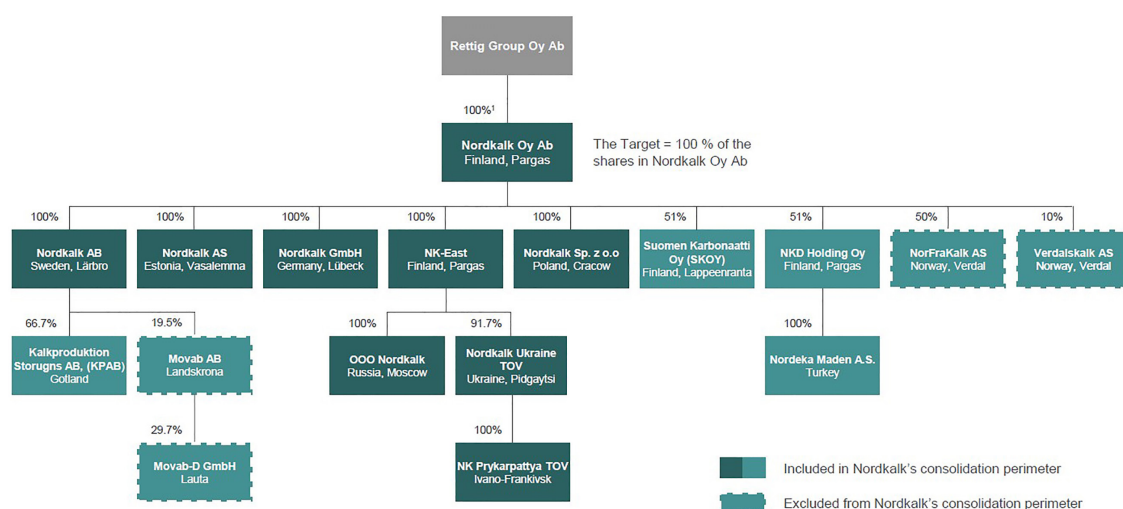
A summary timeline of key events in Nordkalk’s development is set out below:

DATE	ACTIVITY/EVENT
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	Leading producer in the Nordic region – expansion into Sweden
1990s	Leading producer around the Baltic Sea – expansion into Estonia and Poland
2000s	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 Capital

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

Group Structure

The Nordkalk Group structure is set out in Figure 4 below. Following completion of the Acquisition, Nordkalk Oy Ab will become a wholly owned subsidiary of SigmaRoc plc.



Note: the acquisition of NK East Oy, which holds the entire issued share capital of Nordkalk's Russian Subsidiary and Nordkalk's Ukrainian Subsidiaries, will be subject to FAS Competition Clearance. Therefore these subsidiaries have been carved out of the Nordkalk Group for the purposes of the Nordkalk Share Purchase Agreement and instead shall be acquired separately pursuant to the NK East Share Purchase Agreement. It is a condition to that agreement that FAS Competition Clearance is received by the Company, at which point the Company can purchase those subsidiaries for a consideration of €1. Subject to FAS Competition Clearance, the acquisition is therefore expected to occur following Admission.

Figure 4: the Nordkalk Group structure (Source: Nordkalk)

Operational History

Nordkalk has demonstrated a consistent record of profitability throughout industry and economic cycles, having 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. Figure 5 below shows Nordkalk's revenue generation, EBITDA and EBITDA margins since 2005. In 2019, Nordkalk's CEO, Paul Gustavsson joined the Nordkalk Group and implemented the NICO programme alongside longstanding CFO and Deputy CEO, Marcel Gestranius. NICO ran from Q1 2019 to Q4 2020 and was an internal performance improvement programme, driving significant improvements in efficiency and played a key role in EBITDA margin improvements from approximately 17 per cent. over 2016 to 2018, to 24.2 per cent. underlying EBITDA in 2020. Following NICO, management have introduced the '3P Programme', which focusses on improvements in Price, Production and Procurement, which is an ongoing initiative.



Note: figures are unadjusted and therefore include one off costs such as those related to the NICO programme, so therefore will not necessarily agree to the underlying figures included elsewhere in this Part I

Figure 5: Graph showing revenue generation, EBITDA and EBITDA margins for the Nordkalk Group between 2005 and 2020

Summary of Nordkalk's assets

Nordkalk currently operates 19 active quarries across Finland, Sweden, Poland, Norway, Estonia and Turkey, as well as multiple associated and downstream businesses, including kilns, grinding, slaking and granulation plants (Table 2 below provides a summary of the Nordkalk Group's active operating sites by country). There are further sites that are either dormant or identified for development to expand reserves. The Nordkalk Group has estimated total Reserves of 262Mt and Resources of 577Mt across its quarrying assets and land.

Nordkalk's operations in Finland and Sweden include a series of downstream activities that utilise both raw material extracted from Nordkalk's quarries in-country and imported materials via its port and wharf infrastructure from both within and outside the Nordkalk Group. Nordkalk owns 12 wharves in Finland and Sweden and has access to over 20 ports or wharves across its operations, of which several can accommodate over 30kt DWT vessels. While the majority of product is sold in the country of production, this network enables it to transport product and materials between its operations, allowing the Nordkalk Group to provide a diverse range of products, which are tailored to a customer's quality and grading specifications and requirements. The Nordkalk Group also operates eight offices across 10 countries, including Russia, Ukraine and Lithuania, to coordinate sales and marketing.

Nordkalk also operates specialist processing facilities that produce value added products and ensure maximum use of all waste materials and flotation plants, which allow for impurity removal, leaving concentrated high value calcite products. Where possible, Nordkalk seeks to support local communities through providing water and heat derived from its operations, as well as minimising local water use by recycling process water from operations.

Country	Quarries	Kilns	Slaking	Grinding	Ports / Wharves
Finland	7	4	1	8	7
Sweden	4	2	3	3	5
Poland	3	—	—	3	—
Estonia	3	1	—	1	—
Norway (JV)	1	2	—	1	—
Germany (JV)	—	2	—	—	—
Turkey (JV)	1	—	—	—	—

Table 2: summary of Nordkalk's active operating sites by country

Notes:

1. In Norway Nordkalk is co-owner of the joint venture NorFraKalk AS, operating a lime kiln. Nordkalk is also minority owner of Verdalskalk AS.
2. In Germany Nordkalk also operates ArcelorMittal's on-site kilns in Eisenhüttenstadt.
3. In Turkey, Nordkalk has a 51 per cent. interest in Nordeka Maden A.Ş., which operates the Eskibalikli limestone quarry.

Finland

Finland represents Nordkalk's largest country of operations, extracting over 4Mtpa of limestone and generating 49 per cent. of the Nordkalk Group's revenue in 2020. Nordkalk operates a combination of integrated and standalone sites in Finland, with two active underground and six active open pit quarries, where production levels in 2020 ranged from circa 50kt per year at its smallest quarries, up to approximately 2Mt per year at its largest sites, Lappeenranta and Parainen.

In Finland, Nordkalk's product portfolio and customer base is predominately geared towards construction, paper, agriculture, industrial and environmental applications. In 2020, sales to the construction sector accounted for approximately 65 per cent. by volume, with sales of higher margin product, predominantly to the pulp and paper industry, representing approximately 15 per cent. by volume.

Nearly all volumes produced are sold locally in Finland with an additional approximate 5 per cent. of revenues being derived via imports from other group businesses. One of the Nordkalk Group's largest customers in Finland is CRH, which is the sole producer of cement in Finland, where Nordkalk supplies its Finnsementti cement plants. Finnsementti has plant located near Nordkalk's Parainen and Lappeenranta quarries and Nordkalk supplies the raw limestone materials for cement manufacturing.

At the Nordkalk Group's sites in Finland, it operates a variety of kilns, including parallel flow regenerative kilns, long rotary kilns and shaft kilns, which are used to heat raw crushed limestone to produce quicklime, and one slaking plant (for more information on limestone processing see paragraph 7 of this Part I).

Nordkalk's internal estimates indicate that its quarries in Finland have total mineral Reserves of 88Mt with 223Mt of Resources subject, *inter alia*, to permitting. Summaries of Nordkalk's largest extractive assets in-country are set out below.

Lappeenranta

Operations at the Lappeenranta quarry commenced in 1910 and it is Nordkalk's largest production site in Finland. The site is located in the southeast of Finland and hosts deposits of the rare limestone mineral, Wollastonite, a naturally occurring white, needle-like calcium silicate mineral, which is used as a raw material in a number of applications, including producing plastics, paints and coatings, and in certain ceramic and friction materials. The operations on site include a grinding plant, two auxiliary flotation plants and a sales office. The site predominantly serves the paper industry through its SKOY joint venture and also supplies CRH's Finnsementti cement plants.

Nordkalk estimates that the mineral Reserves at Lappeenranta are 30Mt with an additional 100Mt of Resources. Lappeenranta's key products are Wollastonite, quicklime, and calcite, with the existing estimated Reserves indicating a life of quarry of approximately 15 years.

Nordkalk's Resources in the north-western corner of the Lappeenranta quarry require capital investment to strip overburden and remove storage silos. South-eastern resources are readily accessible with the possibility immediately to push back the pit rim by 100m or more, sufficient to sustain the operation for an additional five to six years and provide time to prepare the north-western corner for production. There is long-term potential indicated by the planned exploitation of 93Mt of mineral by underground mining. Whilst no feasibility engineering has been completed and permits have not yet been obtained, the Directors do not expect such underground expansion to be required for several decades given the current Reserves and more accessible Resources available at the quarry.

The average annual extraction rate at Lappeenranta is between 1.6Mtpa and 2Mtpa, which is processed through an underground crusher operation. The quarry employs approximately 65 people and generally leases its machinery with service contracts, thereby reducing capital costs and the requirement to maintain specialist mechanics and electricians for maintenance.

Nordkalk holds a 51 per cent. interest in the SKOY joint venture with Omya, which is based at Lappeenranta and uses limestone extracted from the quarrying operations to produce high specification ground calcium carbonate (GCC) material for pulp and paper, with Omya being responsible for sales, marketing, technology and research & development.

Parainen

The Parainen quarry is located in the small town of Pargas on an island in the Baltic Sea to the southwest of Finland, about 15km south of Turku. The quarry commenced operations in 1898 and is a mature operation, with 10 benches having been excavated to a depth of approximately 130m below sea level. In 2020, over 2Mt quarried rock was extracted from the Parainen quarry and Nordkalk's estimated life of quarry is 18 years from estimated Reserves of 38Mt, with 7.5Mt of Resources.

The operations employ approximately 51 people and include a grinding plant and a long rotary kiln, which produce limestone, limestone powder, quicklime and aggregates for the construction, water treatment and agricultural industries. There is a port located near to site which is owned and operated by Nordkalk and Pargas is also the location of Nordkalk's headquarters, which employs approximately 66 non-operational staff and include a research and development team. Nordkalk primarily leases the operating equipment on-site with service contacts.

Tytyri

The Tytyri quarry is an underground operation located in the south-central town of Lohja, which is 50km west of Helsinki on the shore of Lake Lohjan. The processing facilities also draw material from the nearby Mustio quarry operated by the Nordkalk Group. The Tytyri quarry has two zones; Torma, from which rock powders for the paper industry and fillers and fertilizers are extracted, and Solhelm, where quicklime, hydrated lime and rock powders are extracted. Nordkalk estimates Tytyri and Mustio have an estimated life of quarry of 10 years from a combined 2.6Mt of Reserves, and the quarries have Resources estimated at 9.5Mt.

Other Quarries

Nordkalk operates several other active quarries including; Vimpeli, Sipoo, and Vampula, which deliver in aggregate approximately 0.15Mtpa to local customers and operate on campaigns lasting approximately 1-2 months at a time to satisfy local demands.

The Louhi underground quarry was put into care and maintenance in 2018 due to poor profitability and would require renewal of the relevant permits to enable recommencement of operations. The Nordkalk Group also owns the Kolari and Siikainen quarries, which are non-operational.

Sweden

In Sweden, Nordkalk operates a total of four active open pit mines, a quarry that is currently on care and maintenance, and two greenfield sites. The Nordkalk Group's most significant asset in Sweden is the Gotland site, which produced approximately 1.4Mt of limestone in 2020, with the other quarrying operations being relatively small. Nordkalk estimates that there are a total of 31Mt of Reserves and approximately 127Mt of Resources attributable to its Swedish operations.

Of the limestone production from Nordkalk's Swedish operations in 2020 approximately 75 per cent. of the volume is sold into the local Swedish market, with the majority of exported product being shipped to Finland from Nordkalk's network of six wharves in-country. Approximately 80 per cent. of the Nordkalk Group's produced limestone product in Sweden is sold to construction, mining, agricultural and chemical industries, with the remaining higher-margin product being supplied to industries such as pulp & paper or energy & water.

Nordkalk has a joint venture in place with Movab in which Nordkalk has a 19.5 per cent. equity stake. Movab is a market leader in Sweden for lime softening of lakes, rivers, streams and wetland, including the restoration of environments that have been historically polluted from industrial activity.

Gotland (Klinthagen and Storugns)

Nordkalk's primary extraction site in Sweden is the Klinthagen limestone open cast quarry, which is located on the north of the Swedish island of Gotland, in the Baltic Sea. The quarry is located adjacent to a processing plant and the Storugns seaport, which is also owned by Nordkalk. The operations employ approximately 66 staff (including joint venture operations) and delivers a variety of products to market, primarily segmented by size fractions.

The Klinthagen quarry has been historically extracting various grade material at approximately 1.4-1.6Mtpa, but the extraction rate is expected to reduce to approximately 0.8Mtpa from 2022 onwards, with additional volume being derived from other Nordkalk sites and sources. The Klinthagen quarry is located adjacent to the port of Storugns, which is owned and operated by Nordkalk, as well as the Kalkproduktion Storugns AB (KPAB) operations, which is a joint venture between Nordkalk (67 per cent.) and Lhoist Group (33 per cent.). KPAB produces quicklime from raw crushed limestone extracted from the Klinthagen quarry through calcination in a parallel flow regenerative kiln, which has a capacity of 500 tonnes quicklime production per day and which is predominantly sold into the steel making industry.

Following approvals being obtained in March 2021, there are currently sufficient Reserves to continue producing limestone at Gotland until 2026, with Nordkalk estimating a total of 4.85Mt limestone Reserves and 13.7Mt of limestone Resources at Klinthagen. Nordkalk has an expansion plan to obtain additional permits required to increase its Reserves and extend the life of the Klinthagen quarry to 2033-34, producing at a rate of 0.8Mtpa, which is an ongoing process. Nordkalk has also acquired greenfield sites which have Resources of 100Mt, which could materially increase Reserves on the island, however, certain environmental and technical challenges relating to use of these sites have been identified (including species protection and transport logistics).

There is currently a limited supply of the high quality (low sulphur) material required by Nordkalk's customers using its product in the steel manufacturing process, with 1.8Mt of limestone material being steel grade and the permit to access this limestone material is currently pending. In the short term, Nordkalk is sourcing steel grade product from the Verdalskalk joint venture operations in Norway (see Norway section below for more information), to supply one of KPAB's major customers in the steel industry, which has alleviated the supply pressure at the Klinthagen site while permitting is obtained. In addition, in the medium term, given its high value, steel grade limestone material can be shipped to the Storugns port from other sites to be processed, both within and outside of the Nordkalk Group's operations, such as Nordkalk's joint venture operations in Verdalskalk in Norway.

Forsby and Köping

The Forsby quarry and Köping processing operations are located in central Sweden, to the west of Stockholm on the Köping river. Nordkalk employs approximately 45 staff across its Forsby and Köping operations, operating a quarry, a grinding plant, a kiln, a slaking plant, a sales office and a wharf.

The Köping operations extract limestone from the Forsby quarry and its estimated life of quarry from 12Mt of Reserves is 78 years. The operations' end products include limestone, limestone powder, quicklime and slaked lime, which are sold primarily to the steel and paper & pulp industries, with nearly all of its products being sold locally into the Swedish market from its on-site wharf infrastructure. The limestone calcinated in the kiln is predominantly limestone derived from Nordkalk's Klinthagen quarry on Gotland and the Verdalskalk joint venture quarry in Norway. The majority of the Forsby derived limestone is used to produce aggregates and powder for local consumption.

Uddagården

The Uddagården quarry is located approximately 4km northeast of the town of Falköping which itself is 110km northeast of Gothenburg in southern Sweden. Nordkalk estimates a Reserve of 12Mt at the Uddagården quarry defined by the permit area, which is estimated to be sufficient for at least 90 years of production.

Other Quarries

Nordkalk also operates the Ignaberga quarry, which employs eight people and primarily produces limestone and limestone powder, and the Orsa quarry, which is not currently operational.

Poland

In Poland, Nordkalk operates three quarries, where the primary site is the Miedzianka quarry, producing approximately 6.0Mtpa of limestone per annum, along with two smaller operations, Slawno and Wolica.

Miedzianka is located approximately 20km to the west of the city of Kielce in Poland and is comprised of the mature Ostrówka quarry and a relatively new quarry to the west, Ołowianka. Nordkalk employs approximately 162 staff at its Miedzianka operations. The Ostrówka pit has 26.3Mt fully permitted Reserves, including 6.0Mt that were recently added on the south wall following the recent relocation of the dewatering system. The Ołowianka pit has recently secured permits over an additional 8.5Mt of Reserves, providing the operation with a total of 34.8Mt of Reserves, or nearly six years of production at current rates. Nordkalk has identified several possible routes for expansion to increase Reserves and the lives of its quarrying operations at Miedzianka by accessing up to an estimated 67Mt of Resources and a total long term potential of a combined 147Mt of mineral, which are subject to obtaining the relevant permits and in some cases the acquisition of additional land and local residences, or potentially infrastructure relocation.

The limestone and aggregates products produced from the Miedzianka quarries are used in the construction, steel, glass and sugar, agriculture, and environmental industries. Miedzianka is well connected to local infrastructure, including a direct rail connection. In 2019, Nordkalk entered into a long-term partnership agreement with ArcelorMittal in Germany, whereby Nordkalk exports raw limestone material by rail from Miedzianka to one of ArcelorMittal's steel production plants, located in Eisenhüttenstadt, where Nordkalk produces high quality quicklime products for use in the steel making process through two Nordkalk operated kilns located on-site.

Wolica has Reserves of 14Mt, providing an estimated life of quarry in excess of 50 years, with 114Mt of Resources for expansion. Slawno has Reserves of 3Mt, with an estimated 10 year life of quarry and Resources of 4Mt. Wolica and Slawno employ approximately 25 and 53 staff respectively. The quarries also have downstream business activities including grinding and specialised value-added production for lime granulation, which is a specialised process that produces product suitable for sale into the fertiliser and fodder agricultural industries.

Nordkalk's operations in Poland are connected to customers and other Nordkalk operations via rail links which connect to port infrastructure at Szczecin, where Nordkalk operates a grinding plant. Over 60 per cent. of sales by volume in Poland are to the construction industry, with higher-margin sales to the agricultural industry representing approximately 7 per cent. by volume.

Estonia

Nordkalk operates three quarries in Estonia, with total average extraction rates of 0.7Mtpa.

Nordkalk has an office and a production plant with grinding and a shaft kiln located in the village of Rakke in central Estonia, which processes limestone extracted from its quarry in the nearby village of Karinu. The Karinu quarry has estimated Reserves of 1.8Mt and a further 2.3Mt identified as greenfield Resources. Rakke produces ground limestone products and quicklime, with its products being sold into the agricultural, construction and environmental sectors. Nordkalk employs approximately 49 people across its Rakke and Karinu operations.

The Vasalemma quarry is located approximately 30km southwest of the capital Tallinn on a property covering approximately 355 hectares. Nordkalk estimates permitted Reserves of 12Mt with 14Mt of Resources potentially being accessible via expansion onto state owned land, which will require operating permits to be granted. The current estimated Reserves are expected to provide approximately 50 years of production.

The Kurevere quarry is located on the western side of Estonia and produces limestone. The mineralogy at the Kurevere site includes dolomite, which is typically used in refractory brick, as a fluxing agent in blast furnaces and in pH control and gasification cleaning, due to its high magnesium content.

Kurevere's Reserves are estimated to be 8Mt within the limits of the current permits, with an additional 16Mt of Resources requiring permits to exploit. The life of quarry of the permitted open pit is estimated at 32 years with a possible expansion of an additional 99 years. The quarry employs approximately 15 people.

Norway

Norway provides Nordkalk with access to high grade and extensive minerals via the Verdal quarry, which has port side infrastructure. Nordkalk holds a 10 per cent. equity interest in the Verdalskalk joint venture, with Lhoist holding 35 per cent. and Franzefoss holding 55 per cent. The quality of the limestone material extracted from the Verdal quarry is such that it can be used in the production of high quality PCC. The quarrying operations provide Nordkalk with access to approximately 3,000Mt minerals, which can be shipped to other Nordkalk sites and is currently being transported to its Köping site for processing.

Nordkalk has a 50 per cent. interest in Norwegian joint venture company, NorFraKalk, which is 50 per cent. owned by Franzefoss, and built a circular parallel flow regenerative kiln at the Verdal site in 2007. The NorFraKalk operations process materials extracted from the Verdal quarry and produce quicklime, which is predominately used in the paper industry.

Turkey

In Turkey, Nordkalk operates through a joint venture company, Nordeka Maden A.Ş., which was set up in 2017 with local company Dereli Maden Granit Maden A.Ş. The JV owns the Eskibaliki quarry in the Biga district of Çanakkale, in the province of Marmara, located in the northwest of Turkey. Since the commission of a new crushing line at the end of 2018, the quarry is able to produce up to 2.5Mtpa. Nordkalk estimates the Reserves at Eskibaliki at 75Mt with 14Mt of Resources. The quarry has historically produced approximately 0.8Mtpa which has been sold to local markets, being situated within trucking distance of a number of municipalities and only 8km from the Sea of Marmora.

Other countries of operation

Nordkalk operates small sales offices in Germany, Ukraine, Lithuania and Russia, across which it employs a total of approximately 10 staff.

The change of control of Nordkalk's Russian Subsidiary, is subject to FAS Competition Clearance, for which the Existing Group will shortly make the appropriate filings. On account of both Nordkalk's Russian Subsidiary and Nordkalk's Ukrainian Subsidiaries being wholly-owned by NK East Oy, NK East Oy will be carved out of the companies in the Nordkalk Group being acquired pursuant to the Nordkalk Share Purchase Agreement and shall instead be acquired pursuant to the NK East Share Purchase Agreement. The acquisition of NK East Oy is conditional upon receipt of the FAS Competition Clearance and shall be for a consideration of €1.

Nordkalk's Reserves and Resources

As set out in paragraph 5 of this Part I, the Company classifies its mineral Reserves and Resources using where practicable the PERC classification system, which follows the CRIRSCO international reporting template classification categories. Nordkalk's mineral Resources and Reserves, which are set out in Table 3 below, are classified using the United Nations Framework Classification for Resources.

UNFC is a classification tool that can be applied to the sustainable development of mineral resources, including limestone. UNFC is a principles-based system in which the products of a resource project are classified on the basis of the three fundamental criteria of environmental-socio-economic viability (E), technical feasibility (F), and degree of confidence in the estimate (G), using a numerical coding system. Combinations of these criteria create a three-dimensional system. Categories (e.g. E1, E2, E3) and, in some cases, sub-categories (e.g. E1.1) are defined for each of the three criteria.

Figure 6 below shows a bridge between the CRIRSCO international reporting template classification categories and the UNFC system, with the "minimum" UNFC categories referred representing the set minimum standards required for that category (i.e. a mineral Reserve must be at least E2 and F2, but it may be E1F2 or E2F1).

CRIRSCO Template		UNFC-2009 “minimum” Categories			UNFC-2009 Class
Mineral Reserve	Proved	E1	F1	G1	Commercial Projects
	Probable			G2	
Mineral Resource	Measured	E2	F2	G1	Potentially Commercial Projects
	Indicated			G2	
	Inferred			G3	
Exploration Results		E3	F3	G4	Exploration Projects

Figure 6: the bridge between UNFC and CRIRSCO classification (source: UNFC)

Site	Minerals		Estimated Mineral Duration*		
	Reserves (Mt)	Resources (Mt)	Average 3-year Production (Mt)	Reserves (years)	Reserves and Resources (years)
Finland	88	223	4.20	21	74
Estonia	21	29	0.70	29	71
Sweden	31	127	1.92	16	82
Poland	47	185	6.70	7	35
Turkey	75	14	0.82	92	109
NORDKALK TOTAL	262	577	14.34	18	59

* Note: estimated mineral duration is calculated, in the first column, using the average production from the last three years applied to the aggregate Reserves and, in the second column, the sum of the Reserves and the Resources divided by the average three year production rate. These estimates are indicative only and comprise an average per country, each of which has a diverse composition of underlying sites.

Table 3: Summary of Nordkalk's Reserves, Resources and estimated mineral duration* of its quarries as at 31 December 2020.

While neither Nordkalk nor the Company has an obligation to report its Reserves and Resources, both groups have chosen to do so out of best practice, albeit using different recognised reporting and classification frameworks. Following the completion of the Acquisition, the Company will review all reporting frameworks and seek to select a single standard to apply across the Enlarged Group. This alignment process will then be implemented over time, seeking to standardise the classification and reporting framework for all sites and ensure ongoing compliance.

CO₂ Emissions, Environmental, Social and Governance

Nordkalk's kilns produce CO₂ emissions predominantly through the calcination reaction. Whilst a substantial amount of CO₂ produced is ultimately reabsorbed during a product's life through the process of re-carbonation (described in detail in paragraph 7 of this Part I), Nordkalk is required to balance its CO₂ emissions from its kilns via the European Trading System. The ETS was established by the European Commission in 2005 to aide with the global decarbonisation drive. The system provides a financial incentive for companies to keep their CO₂ emissions to a minimum, whereby companies are assigned Emission Unit Allowances which limit the amount of greenhouse gases they can emit. In 2020, Nordkalk's operations

incurred a EUA deficit of 92kt, and this deficit is expected to increase to approximately 221kt in 2021, with Nordkalk having previously accrued credits to balance the deficit each year until 2024 based on Nordkalk's current operations. A large number of contracts with customers include a price adjustment mechanism relating to CO₂ costs.

Nordkalk has prepared a roadmap to transition towards a fossil fuel free group by 2035 and achieve carbon neutral production within Nordkalk's kilns by 2045, with several measures being planned to reduce Nordkalk's carbon footprint over time. Nordkalk is ISO14001 compliant and approximately 10 per cent. of Nordkalk's products are used in sustainable and environmentally friendly applications, including environmental lime for water purification, soil decontamination and depollution, and fertiliser products. Nordkalk has allocated 145 hectares of land for protection and restoration. In addition, the residual process heat from kiln operations is applied in several installations to heating networks, providing approximately 59,000MWh in 2020, replacing the requirement for approximately 5.9 million litres of heating oil, having saved 80GWh of energy since 2015.

Nordkalk has a focus on the safety and wellbeing of its staff and are ISO18001 and 45001 accredited. Nordkalk also employs a relatively diverse workforce for the industry, with a female employee ratio of up to 23 per cent. in its various countries of operation. Wherever possible, it seeks to support local communities, with up to 76 per cent. of purchasing being conducted locally and the remainder of products being sourced as nearby as possible. Nordkalk has various facilities in place at a quarry site to produce clean ground water from quarrying operations that is then supplied to the local municipality as drinking water.

Nordkalk has established and documented structured and clear governance procedures that are controlled through certified management systems, which are subject to external audit. The Company also is a key participating member of regional and global professional associations, including EuLA and uses a Global Reporting Initiative and United Nations Sustainable Development Group based framework, which is publicly disclosed and reviewed independently by KPMG.

7. LIMESTONE AND THE LIMESTONE MARKET

Limestone

Limestone is a sedimentary rock composed primarily of the calcite and aragonite minerals, both of which are formed from calcium carbonate with a chemical composition of CaCO₃. Calcium carbonate is a key raw material in the production of cement, concrete aggregates, quicklime and several other products. In 2020, the primary applications of limestone products in the European industries included, iron and steel (33 per cent.), construction and engineering (22 per cent.), metals and mining (12 per cent.), environmental protection (11 per cent.) and agriculture (6 per cent.).

Limestone, a carbonate rock, is predominantly a product of deposits from seawater, where it is formed by layers of minerals, fine sediment and skeletons of marine organisms being transformed through lithification. Carbonate rocks are found across every continent, having formed throughout geologic history and continuing to form through coral reefs and at the base of shallow seas.

Limestone products come in the form of unprocessed limestone (crushed rocks and powder), quicklime (calcium oxide produced through calcination), slaked lime (calcium hydroxide, in powder and granulated form through hydration of lime), and other naturally occurring minerals, such as Wollastonite (calcium silicate). Following extraction from quarries, limestone ore (CaCO₃) undergoes crushing and screening in order to separate the ore into different size fractions. The crushed ore can then be further treated by calcination, which comprises the thermal decomposition of the raw limestone in a kiln, leading to the removal of carbon dioxide (CO₂), to produce a quicklime (CaO) product (also known as lime). Quicklime can then be hydrated (or 'slaked') by adding water and producing a calcium hydroxide or slaked lime product (Ca(OH)₂).

Lime can go through a further processing stage of re-carbonation, whereby CO₂ released from the calcination process is injected back into the process to create PCC. In addition, re-carbonation naturally occurs in end use quicklime products, with the level of reabsorption varying by the industry application. Quicklime used in pulp and paper reabsorbs 93 per cent. within five years and 85 per cent. in the first year following the calcination process. The construction, steel and environmental industries reabsorb approximately 92 per cent., 56 per cent. and 66 per cent. of process emitted CO₂, respectively within the

first five years following calcination. A schematic showing the stages of the limestone processing cycle and is set out in Figure 7 below:

CYCLE OF LIME

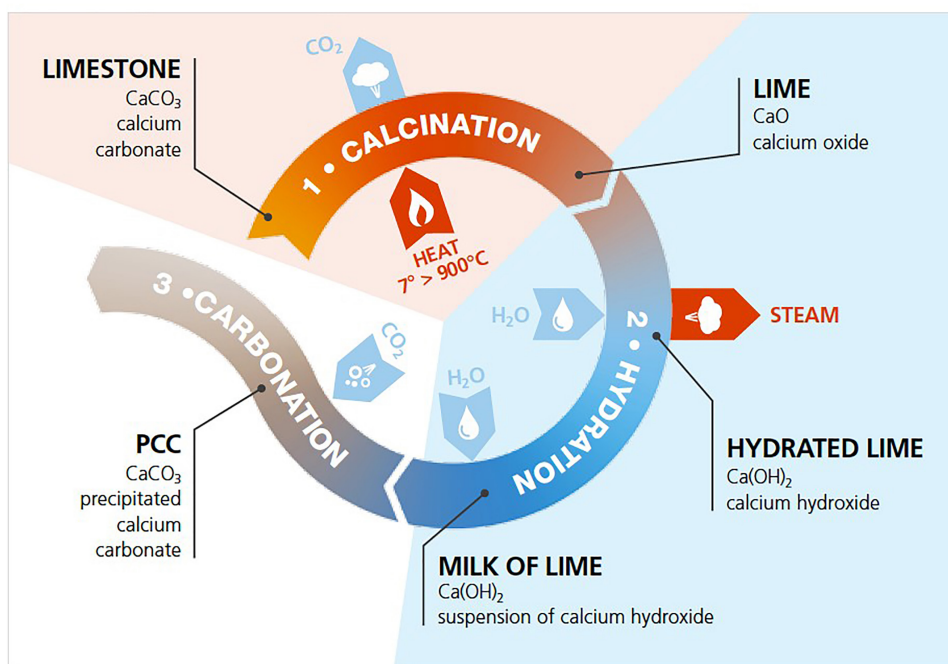


Figure 7: the limestone processing cycle (Source: EuLA)

Limestone is a versatile commodity, used across a broad range of industries including paper & pulp, plastics, agriculture, water treatment, construction and steel manufacturing. The construction industry, including steel making, represents the largest proportion of the use of limestone. Its use in the construction industry is vital, playing a key role in road construction, infrastructure, concrete and other building materials. Some of the key characteristics of limestone include durability, weather resistance, heat conductivity and low cost, making it an ideal base material for the construction sector.

In the iron and steel industry, limestone products are used in various forms and applications, including as a fluxing material (to promote fluidity in smelting of ores and to remove impurities), as a de-sulphurising agent (limestone reacts with sulphur to form calcium sulphide which goes into slag), coating of moulds of pig casting machines, neutralizing of acidic water, water treatment, waste water (effluent) treatment, flue gas treatment, and sludge and sewage treatment. The European iron and steel limestone industry is forecasted to grow significantly over the short to medium term, with European market volume set to increase from 195 million tonnes in 2021 to 240 million tonnes in 2026.

In the pulp & paper industry, limestone is a vital product used in the causticising cycle and paper pigmentation processes. Quicklime is used in the closed chemical circulation of a modern pulp mill, with approximately 250kg of quicklime being required to produce one tonne of pulp. The pulp industry also uses lime products (quicklime, slaked lime and limestone powder) in effluent treatment. In the paper and cardboard industries, lime-based coating pigments and fillers such as GCC (ground calcium carbonate), which is made from concentrated and fine-ground calcium carbonate, and PCC (precipitated calcium carbonate), which is made from quicklime and predominantly used as filler in fine paper such as copy paper, where brightness and opacity are important qualities. The European pulp & paper limestone industry market volume is forecasted to increase from 41 million tonnes in 2021 to 51 million tonnes in 2026.

In agriculture, limestone products are used in fertilisers to increase fertility, improving a plant's ability to absorb nutrients, and also for soil stabilisation by quickly raising pH levels in soil. Limestone fodder products, containing the high purity limestone, are used to provide a source of calcium to livestock.

Limestone has many varied applications in the treatment of water, including processing drinking water, purification of waste water and the neutralisation of industrial waste water. In drinking water and waste water

treatment, lime products are used to raise the pH level of the water and to adjust alkalinity. In waste water treatment, lime is also used to precipitate phosphorus and metals and to stabilise the sludge build up. The European chemical limestone industry is forecasted to grow from 7 million tonnes in 2021 to over 9 million tonnes in 2026.

In 2020, the key product segments in the limestone market by turnover in Europe were: limestone (24 per cent.), slaked lime (21 per cent.), aggregates (20 per cent.), limestone powder (14 per cent.) and fodder (13 per cent.).

Market Dynamics

Demand for limestone is largely influenced by construction activity, most prominently in cement, building and steel manufacturing which, prior to COVID-19, was on an upward trajectory globally, predominantly due to developing countries driving to invest in their infrastructure. However, the significant supply chain disruption, labour shortages and country-wide closures of construction sites as COVID-19 restrictions were imposed to varying degrees across the world, meant that global activity in the construction industry was materially reduced.

The global limestone market is expected to grow at a CAGR of 4.4 per cent. from 2020 to 2027, reaching a market size of US\$102.7 billion in 2027. This is anticipated to be driven by the economic rebound following the COVID-19 pandemic and the resumption of the trend of developing countries investing into infrastructure that was seen prior to the pandemic. The increasing urbanisation, growing disposable incomes, expanded government investment into infrastructure and improving technological advancements, are all likely to support market growth.

Over the medium term, the primary driver of demand in the limestone market is the growing need for the material in the construction industry. Rising infrastructure developments globally are expected to fuel the market. In Europe, where the value of the limestone market is forecast to expand (see Figure 8 below), construction output is expected to grow 3 per cent. per annum until 2023. More specifically, the Eastern European market has a positive outlook owing to infrastructure investments aided by the provision of EU subsidies while in Germany the construction industry is expected to be worth circa US\$500 billion by 2024 with projects such as the construction of the Fehmarn underwater tunnel between Germany and Denmark likely to contribute to the growth of the limestone market.

Other industries within Europe are also expecting to experience growth such as steel production which is expected to grow 4 per cent. per annum until 2025, partly because of a relaxation of restrictions on the steel market, contributing to an anticipated increased demand for limestone over the medium term. Industries such as environmental protection are anticipating CAGR of 4.8 per cent. between 2021 and 2026, driven by the environmentally friendly nature of the material which requires no toxic chemicals or glues used when producing stones made from limestone.

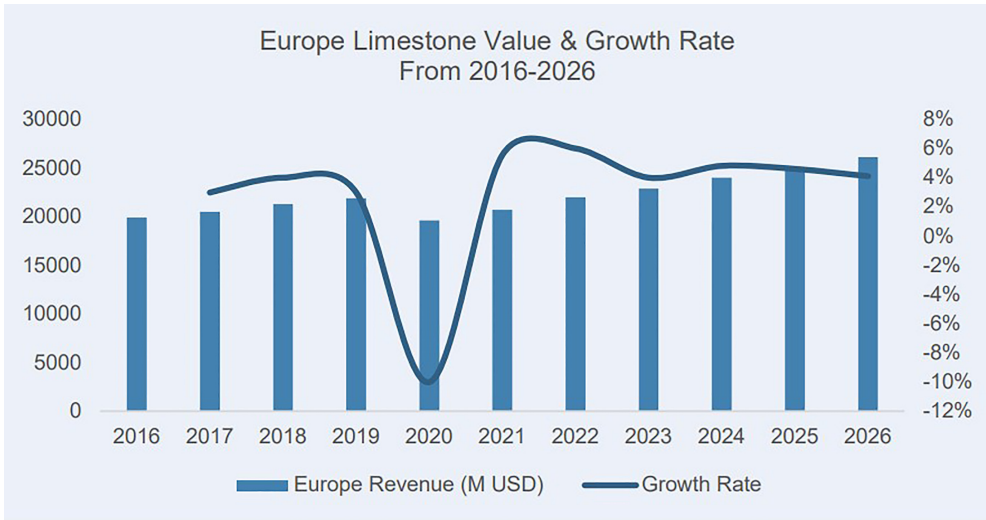


Figure 8: a graph showing predicted revenue from limestone sale in the European market and the growth rate percentage (Source: SigmaRoc)

On the supply-side, the European market is fragmented with four lead suppliers, Lhoist, Nordkalk, Carmeuse and CRH, which supply in aggregate 8.3 per cent. of limestone products by value (see Figure 9 below). The market is highly competitive with the presence of established players with recognised brand names. This combined with the current abundance of the material suggest that there should be a steady supply of the material in the medium term. However, supply in the short term is expected to be restricted as rising economic instability, surging unemployment and potential future COVID-19 related travel restrictions, which are expected to hinder the supply chain in the post-pandemic period.

Limestone prices have been relatively stable in recent years, but with limestone being a non-renewable resource as well as the gradual reduction in its storage capacity over time, it is expected that raw materials prices are likely to rise in the long term. This potential price rise over time is enhanced by the growing average haul distances and therefore associated costs as quarries, near to the large consumers of limestone such as the US, are depleted, leading to imports coming from further afield. Additional detail on the specific limestone markets in the countries and markets where Nordkalk is active are set out below.

Sweden

Sweden is the largest country in Northern Europe with a land area of approximately 450,000km². In 2020, Sweden's population was recorded at 10.3 million and the country had a GDP of US\$537.61 billion. Sweden has a current credit rating of AAA, as issued by both S&P and DBRS Morningstar, which ranks it amongst the lowest risk jurisdictions for investment globally. Sweden is a member of the EU and, according to the World Bank's "Doing Business" report for 2020, the country ranked 10th out of 190 economies for ease of doing business. Sweden has an open economy, a record of facilitation of innovation and an efficient business environment coupled with one of the lowest corporate tax rates in the EU at 20.6 per cent. from 2021 onwards.

The limestone market in Sweden shows promising signs with limestone consumption expected to increase by 5.46 per cent. in 2021, with a forecast CAGR of 5.3 per cent. between 2021-2026 to €1.9 billion. The market is expected to promptly return to pre-COVID-19 levels by 2022, with a market value of US\$1.6 billion.

Finland

Finland is one of the world's northernmost countries, bordering Sweden and Russia. The country is one of the most sparsely populated countries in Europe, with a population of 5.5 million in 2020 and a size of approximately 390,909km². In 2020, Finland's GDP was US\$271 billion and the country currently has a credit rating of AA+, as issued by both S&P and Fitch Ratings, illustrating a very low credit risk. Finland is a member of the EU and, according to the Global Innovation Index, Finland ranked number one out of 131 economies for the third year in a row for its business environment and, according to the World Bank's "Doing Business" report for 2020, ranked 20th out of 190 economies for ease of doing business. Finland has a transparent regulatory environment, skilled workforce and welcoming approach to foreign investment.

The limestone market's output in Finland is expected to grow at a CAGR of 4.74 per cent. between 2021 and 2026, to reach a market size of US\$824 million in 2021 to 2026. This growth is significantly aided by the implementation of the Main Grid Development Plan which includes an investment of €1.2 billion and the construction of 30 new substations, 3,000km of transmission and distribution lines, and the installation of power transformers, cable towers and safety systems expected to be installed by 2025.

Poland

Poland is a country in central Europe, sharing its maritime borders with Denmark and Sweden. It is approximately 313,000km². In 2020, Poland's population was recorded at 37.9 million, with a GDP of US\$594.18 billion. Poland has a current credit rating of A-, as issued by Fitch Ratings denoting low credit risk. Poland is a member of the EU and, according to the World Bank's "Doing Business" report for 2020, the country ranked 40th out of 190 economies for ease of doing business.

As with many countries in Europe, the Polish limestone market, which experienced a CAGR of 4.3 per cent. between 2017 and 2019, was on an upward trajectory prior to COVID-19. In 2021, the limestone market, is estimated to be worth €1.7 billion. This growth was led by the construction industry, where specific sectors within construction such as the residential construction sector were seeing CAGR of 6.7 per cent. from 2015 to 2019 and the infrastructure construction sector which was estimated to be worth €13.6 billion in

2019 and had posted a CAGR of 4 per cent. from 2016 to 2019. The post-pandemic recovery is forecast to return to this positive trajectory, with Poland's construction industry projected to record a CAGR of 6.6 per cent., reaching €59.9 billion by 2024.

The Baltics

The Baltics comprise Estonia, Latvia and Lithuania and are bounded on the west and north by the Baltic Sea. The three countries cover an area of approximately 175,000km² and, in 2020, had a combined population of 5.94 million. S&P's credit ratings are as follows: Estonia: AA-; Latvia: A+; Lithuania: A+.

The limestone market, although negatively impacted due to COVID-19, as much of Europe was, is not expected to suffer to the same extent as other markets in Europe. This is based on the positive underlying growth momentum prior to the pandemic as well as the less drastic lockdowns imposed by their governments. The Baltics' limestone market growth is powered by the civil engineering industry which expanded in Estonia and Lithuania by 20.2 per cent. and 23.4 per cent. in Q1 2020, respectively.

Norway

Norway has coastlines at the North Sea and the North Atlantic Ocean. It is approximately 385,208km². In 2020, Norway's population was recorded at 5 million, with a GDP of US\$363.09 billion. Norway has a current credit rating of AAA, as issued by both S&P and DBRS Morningstar, which ranks it amongst the lowest risk jurisdictions for investment globally. Norway is a member of the EEA and NATO and according to the World Bank's "Doing Business" report for 2020, the country ranked 9th out of 190 economies for ease of doing business.

Prior to the COVID-19 pandemic, Norway's limestone market was growing at a significant rate, much of which was being driven by the construction industry, which saw sales of limestone products grow at a CAGR of 4.59 per cent. from 2016 to 2019. Despite the dip in 2020 due to the COVID-19 pandemic, this growth trajectory is expected to return, with the 2021 forecasted consumption value of limestone to be US\$307.54 million, an increase of 4.34 per cent. from the previous year. The need for limestone in Norway is expected to increase from 2021 onwards, facilitated by the government's focus on upgrading the country's transport infrastructure as well as their focus on renewable energy through the "green transition package" under which the government plans to spend US\$7.7 billion on transport infrastructure and US\$384.5 million on renewable energy infrastructure.

Summary of Nordkalk's competition

Nordkalk is a diversified and vertically integrated business operating in 10 countries in Northern Europe, with a focus on Finland, Sweden and Poland, which accounted for, in aggregate, 94 per cent. of its 2020 revenue. Nordkalk is ranked the number one limestone products producer in Finland, Norway, Poland and Sweden, and is ranked in the top three for quicklime products in Estonia, Finland and Sweden. Nordkalk is estimated to have a 1.6 per cent. market share in the European limestone market.

A European Commission report notes that the majority of European limestone manufacturing enterprises are small, family-owned and operate at a local level, save for a few large companies, including Carmeuse and CRH, Lhoist and Nordkalk which are regarded as industry leaders in Europe. These four businesses were estimated in 2021 to retain an aggregate market share of 8.3 per cent., with the next eight largest companies by market share holding an aggregate 2.3 per cent. It has been reported that there is significant price competition in the limestone market.

In recent years, the European limestone industry has become more concentrated, due to an increase in mergers and acquisitions, and businesses exiting the marketplace. Furthermore, operators have noted tightening environmental protections increasing costs and administrative burden for quarrying has resulted in smaller companies struggling to operate lime production facilities competitively in the market.

Including Nordkalk, which has a market share of 1.6 per cent., the largest four companies in the European limestone market accounted for 8.3 per cent. of limestone products by value. The main operating sites of Nordkalk's competition in the limestone market can be seen in Figure 9 below and brief descriptions of its four largest competitors are set out below:

- Carmeuse is a family-owned company, operating primarily in the limestone and quicklime markets, which Nordkalk competes with primarily in the quicklime sector. However, its operations are more focused in Southern European countries. Carmeuse is estimated to have a 1.5 per cent. market share in the European limestone market.
- Lhoist is an international family-owned company developing limestone, dolomitic limestone and other minerals. Lhoist achieved revenue from European operations of approximately €1 billion and global revenue of €2.4 billion in 2019. Lhoist retains the largest market share (4.3 per cent.) in the European limestone market. Lhoist is Nordkalk's most significant competitor in Finland, which represents approximately half of Nordkalk's revenues.
- CRH is a public company, listed on the London and Irish Stock Exchanges. CRH is a diversified conglomerate, which achieved total revenue of US\$28 billion in 2020 (of which US\$9 billion was derived from Europe), and employs 76,600 people across 29 countries. It produces materials which support the manufacture and supply of aggregates, lime, cement, ready-mixed concrete, concrete products and asphalt. CRH is estimated to have a 1.0 per cent. market share in the European Limestone market and competes with Nordkalk primarily in the Polish market.
- In Sweden, Nordkalk competes primarily with SMA Mineral, a Swedish family-owned company with limestone and quicklime operations, which does not have a significant presence in the wider European market.



Figure 9: location map of Nordkalk's key limestone competitors in Europe (Source: Company)

In the construction materials and aggregates sector more generally, the major operators, including LafargeHolcim, HeidelbergCement AG, CRH and Cemex S.A.B. de C.V., dominate the southern and western European economies, however retain significantly less presence in the Nordic and Baltic regions. There is, therefore, opportunity for the Enlarged Group to increase its wider footprint in the construction materials and aggregates sector in the Nordic and Baltic region, in markets with relatively less competition from majors.

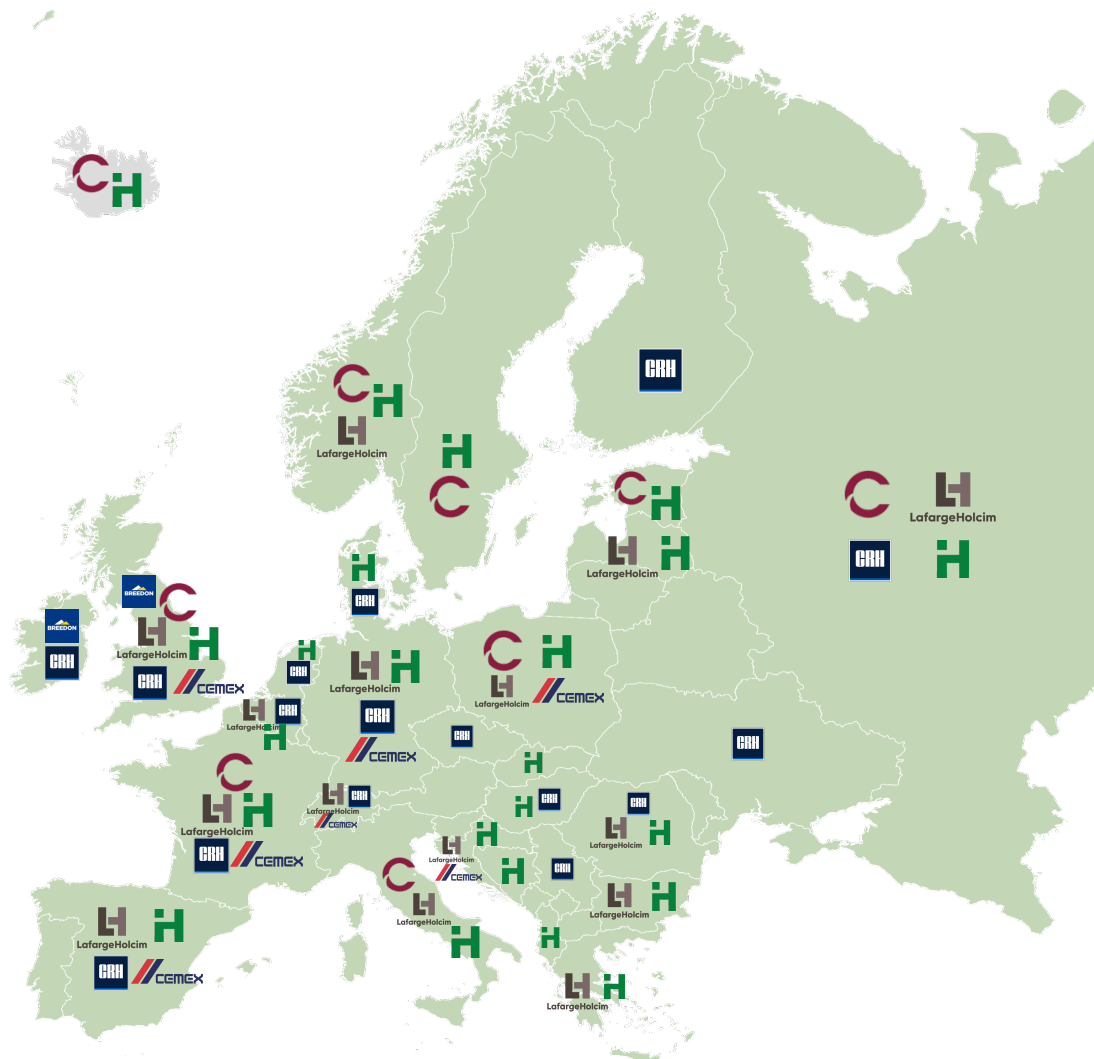


Figure 10: location map of key building materials competitors in Europe (Source: Company)

8. SUMMARY FINANCIAL INFORMATION AND CURRENT TRADING OF NORDKALK

Audited financial results of Nordkalk are presented in the Appendix to this document for the three years to 31 December 2020.

The following financial information has been extracted from the audited company accounts of Nordkalk presented in the Appendix to this document and has been included to provide an overview of the recent trading history of Nordkalk:

Nordkalk's consolidated (IFRS)
€m

	Dec 2018	Dec 2019	Dec 2020
Turnover	300.1	290.0	275.9
YoY change		(3.4%)	(4.9%)
Sales margin	100.3	100.9	105.5
% of revenue	33.4%	34.8%	38.2%
Operating expenses	(53.9)	(47.6)	(42.1)
Other incomes / expenses	3.8	3.1	2.9
Share of results, EAI	0.5	0.5	0.7
Recurring EBITDA	50.6	56.9	67.0
EBITDA margin	16.9%	19.6%	24.2%
Depreciation & amortisation	(23.4)	(25.5)	(24.3)
Recurring EBIT	27.2	31.4	42.7
EBIT margin	9.1%	10.8%	15.5%
Capex	(22.8)	(17.7)	(12.2)
Net working capital	33.2	32.5	29.8

The trading information above should be read in conjunction with the full text of this document, including the historical financial information of Nordkalk contained in Part V of this document.

In the first half of 2021, Nordkalk generated revenues of £126.5 million (€144.6 million) and EBITDA of £31.3 million (€36.0 million), representing an increase of 8 per cent. and 17 per cent. respectively over the same first half period in 2020. Nordkalk management have confirmed that the revenues and EBITDA trend remain encouraging and in-line with expectations and that margins remain strong and in-line with budgets.

9. PRINCIPAL TERMS AND CONDITIONS OF THE ACQUISITION

The Company has conditionally agreed to acquire the entire issued share capital of Nordkalk pursuant to the Nordkalk Share Purchase Agreement.

The Nordkalk Share Purchase Agreement is conditional upon, *inter alia*: (i) the passing of Resolutions 1 and 2 at the General Meeting; (ii) the Company having received the Polish Competition Office Clearance; and (iii) Admission (of both the Placing Shares and the Consideration Shares).

The Nordkalk Group which shall be transferred pursuant to the Nordkalk Share Purchase Agreement shall not include NK East Oy, which is the holding company of Nordkalk's Russian Subsidiary and Nordkalk's Ukrainian Subsidiaries.

Those subsidiaries shall be acquired by the Company pursuant to the separate NK East Share Purchase Agreement. The NK East Share Purchase Agreement shall be conditional upon the receipt of FAS Competition Clearance. Once such condition is fulfilled, the Company may purchase NK East Oy for a consideration of €1.

Accordingly, the transfer of NK East Oy (and, accordingly, Nordkalk's Russian Subsidiary and Nordkalk's Ukrainian Subsidiaries) to the Company is expected to occur following Admission.

A detailed summary of the Acquisition Agreements is contained in Part II of this document.

10. POLISH COMPETITION OFFICE CLEARANCE AND FAS COMPETITION CLEARANCE

In addition to Shareholder approval, the Acquisition is conditional on the Company receiving the Polish Competition Office Clearance, for which the Company will shortly make the necessary filings with the Polish Competition Office. The Polish Competition Office will have one month to issue a decision concerning the Company's initial filings, however the Polish Competition Authority usually asks questions in respect of submitted documentation (generally twice or more – depending on the scope of information provided and on the person who is the case handler) and such questions suspend the deadline to issue the decision. The Company has not identified any overlapping markets in Poland, therefore, the Board would expect competition clearance in Poland to take approximately four to six weeks from filing.

Furthermore, the acquisition of NK East Oy (which owns the entire issued share capital of Nordkalk's Russian Subsidiary and Nordkalk's Ukrainian Subsidiaries) pursuant to the NK East Share Purchase Agreement is conditional upon receipt by the Company of FAS Competition Clearance. The Board expects this to take up to three months, which is the maximum statutory time for FAS review.

11. FINANCIAL EFFECTS OF THE ACQUISITION

The share capital of the Company is admitted to trading on AIM. For the financial year ending 31 December 2020, the Company had revenues of £124.2 million, underlying EBITDA of £23.9 million, underlying profit before tax at £12.2 million, underlying earnings per share of 4.50 pence and an adjusted leverage ratio of 1.69 times. As at 31 December 2020, the Company had total assets of £257.2 million, including tangible assets of £144.8 million, and net assets of £123.6 million.

An unaudited pro forma statement of net assets and income statement of the Enlarged Group is set out in Part VI of this document and have been included to provide an overview of the financial effects of the Acquisition.

Furthermore, set out below is an unaudited pro forma underlying income statement of the Enlarged Group, which has been prepared for illustrative purposes only, to show the effect of the Proposals and qualitative earnings adjustments as if they had occurred on 31 December 2020, which is in-line with the way the Company presents its key financial information. The pro forma underlying income statement has been prepared for illustrative purposes only, and because of its nature, it may not give a true reflection of the Enlarged Group's financial performance or results.

	<i>The Company</i>	<i>Nordkalk</i>				
	<i>Underlying income statement for the year ended 31 December 2020 (Note 1) £'000</i>	<i>Income statement for the year ended 31 December 2020 (Note 2) £'000</i>	<i>(Note 3) £'000</i>	<i>(Note 4) £'000</i>	<i>(Note 5) £'000</i>	<i>Pro forma underlying income statement for the year ended 31 December 2020 £'000</i>
Continued operations						
Revenue	124,231	259,723	–	–	(7,950)	376,004
Cost of sales	(80,663)	(157,595)	–	–	–	(238,258)
Profit from operations	43,568	102,128	–	–	(7,950)	137,746
Administrative expenses	(19,965)	(40,988)	–	–	5,700	(55,253)
Depreciation & amortisation	(9,365)	(21,585)	2,213	(1,040)	–	(29,777)
Net finance expense	(2,379)	(3,536)	–	(1,759)	–	(7,674)
Share of earnings from associates	294	607	–	–	–	901
Other net losses	–	(84)	–	–	–	(84)
Profit before tax	12,153	36,541	2,213	(2,799)	(2,250)	45,859
Tax expense	(662)	(4,156)	–	–	(2,400)	(7,218)
Profit after tax	11,491	32,386	2,213	–	(4,650)	38,641
Profit attributable to:						
Owners of the parent	11,491	29,713	2,213	(2,799)	(4,650)	35,968
Non-controlling interests	–	2,673	–	–	–	2,673
	11,491	32,386	2,213	(2,799)	(4,650)	38,641

Notes

The pro forma underlying income statement has been prepared on the following basis:

1. The audited underlying income statement of the Company for the year ended 31 December 2020 has been extracted without adjustment from the financial statements, a hyperlink of which is set out in Part IV of this document.
2. The audited income statement of Nordkalk for the year ended 31 December 2020 has been extracted without adjustment from the Historical Financial Information included in Part V of this document.

3. An adjustment has been made to eliminate amortisation of historical goodwill recognised in Nordkalk under property, plant & equipment which will be transferred to intangibles pre-acquisition.
4. Adjustments have been made to reflect:
 1. Elimination of Nordkalk finance costs of £2.4 million;
 2. Elimination of SigmaRoc finance costs of £0.9 million;
 3. Addition of pro forma finance costs for the enlarged group of £5.1 million; and
 4. Addition of amortisation of capitalised finance charges of £1 million.
5. Adjustments have been made to reflect:
 1. Elimination of other non-underlying revenue in Nordkalk of £7.9 million primarily relating to sale of carbon credits;
 2. Elimination of non-underlying administrative expenses of £5.7 million primarily relating to restructuring costs and share based management incentive charges; and
 3. Additional corporate tax charges estimated in Nordkalk of £2.4 million.
6. Underlying results exclude non-underlying items which are a non IFRS measure, but the Company has disclosed separately in its financial statements, where it is considered necessary to do so to provide further understanding of the financial performance of the Company. Non-underlying items are material, not expected to be recurring or do not relate to the ongoing operations of the Company's business and non-cash items which distort the underlying performance of the business.
7. No adjustments have been made to reflect the trading or other transactions, other than described above of:
 1. the Company since 31 December 2020; and
 2. Nordkalk since 31 December 2020.
8. The pro forma underlying income statement does not constitute financial statements.

12. CURRENT TRADING AND FUTURE PROSPECTS

The Company's historical financial information is set out in Part IV of this document and has been incorporated by reference.

SigmaRoc generated revenues of £84.8 million and underlying EBITDA of £14.9 million in the first half of 2021, representing a like-for-like (adjusted to include pre-acquisition results of subsequently acquired businesses) increase of 13 per cent. and 14 per cent. respectively over the same period in 2020.

Nordkalk generated revenues of £126.5 million (€144.6 million) and EBITDA of £31.3 million (€36.0 million), representing an increase of 8 per cent. and 17 per cent. respectively over the same first half period in 2020.

SigmaRoc earnings per share for the 6 month period ended 30 June 2021 is expected to be approximately 2.5 pence. Revenues and EBITDA trends remain in-line with management's expectations and the Existing Group recorded strong margins and cash generation in H1 2021.

The Directors are confident in the current business activities and future prospects of the Enlarged Group and believe that, following Acquisition, with the assistance of SigmaRoc, the existing management of Nordkalk will be able to continue their focus on maximising profitability through sales growth into higher margin value added products, production efficiencies and cost savings. The free cash flow generated from the Enlarged Group will be prioritised as follows:

- (a) maintaining Adjusted Leverage Ratio at or below 2.0x on an annual basis;
- (b) de-leveraging the New Facilities; and
- (c) investing in growth CAPEX and earnings accretive M&A to increase revenue and improve EBITDA margins.

13. FINANCING OF THE ACQUISITION

The total Consideration payable to the Seller under the Acquisition Agreements is approximately €470 million (approximately £402 million) subject to certain adjustments including in respect of cash, debt and working capital.

The Consideration will be satisfied by the Company by:

- the application of €270 million (approximately £231 million) from the proceeds of the Placing;
- the drawdown of €150 million (approximately £128 million) under the New Facility; and

- the issue of the €50 million (approximately £43 million) Consideration Shares to Rettig Group at the Placing Price.

The New Facility is being provided to the Company by several major UK and European banks, led by Banco Santander S.A. London and BNP Paribas (as arrangers), and comprises: (i) the Term Loan, which is a five year term loan of £205 million to part finance the Acquisition, refinance the Existing Facility and to pay the financing costs; and (ii) the RCF, which is a revolving credit facility of £100 million for general corporate purposes. A £100 million uncommitted accordion is applied to the RCF.

The Term Loan has a 12 month capital repayment holiday and then £4 million is repayable by the Company per quarter from September 2022, which increases to £6 million per quarter from September 2023 and £8.75 million per quarter from September 2024.

Interest will be applied on amounts drawn down under the New Facility at a rate of 2.35 per cent. over SONIA at a 1.5x to 2.0x Adjusted Leverage Ratio and 2.60 per cent. over SONIA at a 2.0x to 2.5x Adjusted Leverage Ratio.

In consideration for the New Facility, the Company and a number of its key trading entities incorporated in England and Wales, including SigmaFin Limited, shall grant first ranking debentures to Santander. A security interest agreement (which is a Jersey law equivalent of a share pledge) shall be granted over the shares that SigmaFin Limited holds in Ronez. A Belgian law-governed first ranking share pledge will be granted over the shares of the Company's various Belgian subsidiaries (including CDH) in addition to a moveable assets pledge and a mortgage over Belgian real estate, each granted by CDH Développement SA. Following completion of the Acquisition, security shall also be taken from key members of the Nordkalk Group (including, but not limited to, a Polish law governed mortgage deed over Polish real estate and a Finnish law governed security agreement over the shares in the Finnish subsidiaries).

Pursuant to the New Facility, the Company has also given certain covenants to Santander that its maximum Adjusted Leverage Ratio shall not exceed 3.5x, reducing to 3.25x in December 2022 and 3.0x in December 2023 and minimum interest cover ratio of 4.0x. It also includes a customary suite of corporate activities which would require Santander's consent.

Details of the Placing are set out in paragraph 14 of this Part I of the document below.

14. DETAILS OF THE PLACING

Pursuant to the Placing, the Joint Bookrunners have conditionally raised £260 million (before expenses) for the Company, through the Placing of the Placing Shares with investors at the Placing Price conditional, *inter alia*, upon the passing of Resolutions 1 and 2 and on Admission.

Following Admission, the Placing Shares will collectively represent approximately 47.95 per cent. of the Enlarged Share Capital.

The Placing is conditional upon, *inter alia*, Shareholders passing Resolutions 1 and 2 at the General Meeting and Admission, which is expected to become effective in late August 2021 (or such date as the Company, the Nominated Adviser and the Joint Bookrunners may agree being not later than 8.30 a.m. on 17 November 2021). The Placing Shares will be issued as fully paid and will, upon issue, rank *pari passu* with the Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid on or in respect of such shares after their date of issue, being the date of Admission.

Further details of the Placing Agreement are set out in paragraph 16.1(m) of Part VII of this document.

15. REASONS FOR THE PLACING AND USE OF PROCEEDS

The net proceeds of the Placing are estimated at approximately £241.9 million, which the Board expects to use to satisfy:

- part of the total cash consideration due on completion of the Acquisition, being €270 million (approximately £231 million); and
- the Enlarged Group's general working capital requirements.

16. THE RETAIL OFFER

The Retail Offer has been arranged by PrimaryBid through the PrimaryBid platform (<https://primarybid.com>). The Retail Offer successfully conditionally raised approximately £1.6 million (before expenses).

Completion of the Retail Offer is conditional on the Acquisition, the Placing and Admission (and accordingly, is also conditional upon the receipt of the Polish Competition Office Clearance) and is being undertaken to facilitate potential retail participation in the Company. The Retail Shares to be issued under the Retail Offer will represent approximately 0.29 per cent. of the Enlarged Share Capital on Admission. The Retail Shares will be issued credited as fully paid and will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared paid or made after Admission.

The Retail Offer Shares will be issued pursuant to separate share authorities which will be requested at the General Meeting.

The proceeds of the Retail Offer will be used for general working capital purposes by the Company.

17. DIRECTORS AND SENIOR MANAGERS' PARTICIPATION, SUBSTANTIAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

The following Directors and Senior Managers have subscribed for an aggregate of 935,704 Placing Shares as set out below:

Name	Existing Shareholding	Percentage of Existing Ordinary Shares	Number of Placing Shares subscribed for in the Placing	Resultant shareholding on Admission	Percentage of Enlarged Share Capital
David Barrett	2,609,189	0.93%	400,000	3,009,189	0.47%
Max Vermorken	549,857	0.20%	123,528	673,385	0.11%
Garth Palmer	438,499	0.16%	117,647	556,146	0.09%
Dean Masefield	28,101	0.01%	17,647	45,748	0.01%
Tim Hall	329,176	0.12%	71,000	400,176	0.06%
Charles Trigg	198,911	0.07%	88,235	287,146	0.05%
Alphons Vermorken	–	–	117,647	117,647	0.02%

The issue of Placing Shares to the Directors set out above constitutes a related party transaction pursuant to Rule 13 of the AIM Rules for Companies by virtue of their status as Directors of the Company. The independent directors for this purpose (being Simon Chisholm and Jacques Emsens), consider, having consulted with the Company's nominated adviser, Strand Hanson, that the terms of the Placing with the Directors as set out above are fair and reasonable insofar as the Company's Shareholders are concerned.

M&G Investment Management Limited ("M&G") currently holds 24,152,918 Ordinary Shares, representing approximately 8.63 per cent. of the Company's issued share capital. M&G has been a substantial Shareholder (holding in excess of 10 per cent. of the Company's issued share capital) within the last 12 months, and is therefore a related party for the purposes of the AIM Rules for Companies. Pursuant to the Placing, M&G have conditionally invested approximately £22 million, subscribing for 25,882,353 new Ordinary Shares, which is deemed a related party transaction pursuant to the AIM Rules for Companies. The independent directors for the purpose of the Proposals (being Simon Chisholm and Jacques Emsens), consider, having consulted with the Company's nominated adviser, Strand Hanson, that the terms upon which M&G are participating in the Placing are fair and reasonable insofar as the Company's Shareholders are concerned.

18. THE ADOPTION OF THE LTIP

To cater for discretionary share based incentive awards to selected employees, the Company is seeking Shareholder approval (pursuant to Resolution 5 being approved at the General Meeting) to implement the LTIP, which shall be referred to as the “SigmaRoc PLC Performance Share Plan”.

Subject to Admission and Shareholder approval for the LTIP, the first awards under the LTIP (the “Initial Awards”) would be granted at or shortly following Admission.

A summary of the principal terms of the LTIP together with details of the proposed Initial Awards under it (including to Executive Directors) is set out in paragraph 12 of Part VII of this document.

The adoption of the LTIP and the grants thereunder constitute a related party transaction pursuant to Rule 13 of the AIM Rules. The Directors who are independent of these arrangements, being Simon Chisolm, Tim Hall, Jacques Emsens and Dean Masefield consider, having consulted with the Company’s nominated adviser, Strand Hanson, that the terms of the LTIP and the grants thereunder as set out above are fair and reasonable insofar as the Company’s Shareholders are concerned.

19. LOCK-INS AND ORDERLY MARKET ARRANGEMENTS

The Seller has undertaken to the Company in the Nordkalk Share Purchase Agreement that it will not dispose of any interest in the Ordinary Shares held by them for a period of 12 months from the date of Admission and, for the 12 months following that period, that they will only dispose of their holdings through Peel Hunt and Liberum Capital and in such manner as they may direct so as to maintain an orderly market in the Ordinary Shares. The Company has undertaken to the Nominated Adviser and Joint Bookrunners not to give any consent or waiver, or to modify the terms of the lock-in provisions in the Nordkalk Share Purchase Agreement, without the prior consent of the Nominated Adviser and Joint Bookrunners.

In total, 50,276,521 Ordinary Shares representing 7.88 per cent. of the Enlarged Share Capital at Admission are subject to the restrictions on disposals described in this paragraph.

Further details of the lock-in and orderly market arrangements contained in the Nordkalk Share Purchase Agreement are set out in Part II of this document.

20. INFORMATION ON THE DIRECTORS AND SENIOR MANAGEMENT

Existing Directors

David Kenneth Barrett, aged 63 (*Executive Chairman*)

David co-founded SigmaRoc with Max Vermorken, Garth Palmer, Charles Trigg, and Alphons Vermorken. He was appointed to the Board as Executive Chairman in August 2016. During his tenure as Chairman, David has ensured effective board oversight of the Company’s strategy, as well as key operational and financial issues, liaising between Shareholders, board members and key management.

Prior to co-founding SigmaRoc, David co-founded London Concrete Limited in 1997, subsequently building the business from one concrete plant in London to over a dozen plants around the capital. London Concrete was ultimately sold to Aggregate Industries and is currently the number one concrete supplier in London with flagship projects including the London Olympic Park, the Shard, the new US Embassy and the new Bloomberg building. David retired from London Concrete at the end of 2014 and is widely considered an expert in the industry.

His focus as Chairman will be ensuring effective oversight of the Enlarged Group’s strategy and key issues by the board of directors as well as maintaining efficient communications with Shareholders.

Maximilian (Max) Alphons Vermorken, aged 37 (*Chief Executive Officer*)

Max co-founded SigmaRoc with David Barrett, Garth Palmer, Charles Trigg and Alphons Vermorken. He was appointed to the Board as CEO in August 2016. During his tenure as CEO he has developed and implemented the “Invest, Improve, Integrate, Innovate” strategy and implemented SigmaRoc’s platform-

based business model. As a result, the Existing Group has grown both organically and through acquisition in several regional markets, building up a strong asset base and a strong financial performance.

Prior to SigmaRoc, Max built a career in M&A, operations and strategy working for private equity Luxembourg-headquartered Genii Group, where he reported directly to its founding principals. After, he moved to LafargeHolcim as strategic advisor to the Northern Europe CEO, where he successfully led the merger of Lafarge SA and Holcim Ltd in the region. Max holds a PhD in Financial Economics from University College London and Bachelor and Master degrees in both Civil Engineering and Financial Economics from University College London and the University of Brussels, respectively.

His focus as CEO will be on continuing the successful growth of SigmaRoc through both organic and acquired growth. He will be supported by his executive committee in working closely with company employees, customer and suppliers as well as Shareholders, investors and the communities in which the Enlarged Group operates.

Garth Mervyn Palmer, aged 40 *(Non-Executive Director)*

Garth co-founded SigmaRoc with David Barrett, Max Vermorken, Charles Trigg and Alphons Vermorken. Garth was Finance Director of SigmaRoc from its inception and acted as an Executive Director from January 2017 until April 2020, after which he remained on the Board as a Non-Executive Director and, through his partnership at Westend Corporate LLP, continued to provide corporate financial and company secretarial services to the Company.

Prior to joining SigmaRoc, Garth began his career providing audit and corporate services in Perth, qualifying at KPMG, before moving to London in 2005 where he provided compliance services across a range of industries. This led Garth to a Finance Manager role at Apple Inc. where he spent four years working on business process improvement, developing and implementing new and improved financial processes and systems before co-founding Westend Corporate LLP providing corporate and financial consulting services for AIM quoted companies, predominantly within the mining and resources industries. Garth holds a Bachelor of Commerce Degree and is a member of the Institute of Chartered Accountants in England and Wales.

As at the date of this document, Garth holds the position of a Non-Executive Director. Conditional on Admission, he will become an Executive Director and CFO, overseeing both the Existing Group and Nordkalk. His focus as CFO will be overseeing all financial aspects as well as internal auditing to ensure the continued good management and profitability of the Enlarged Group.

Simon Roy Chisholm, aged 52 *(Senior Independent Non-Executive Director)*

Simon was appointed to the Board in April 2020. Simon is the founder and managing director of Feros Advisers, having spent over 20 years working in the investment arena including as a fund manager with Henderson. Simon joined Berenberg Bank in 2003 and assisted in establishing an office in London. Over the next 10 years, Simon was one of the principal architects in building the business from three people in London to around 140 and establishing the bank as a recognised brand name in the global investment community, assuming the role of Co-Head of Equity Capital Markets in 2009. Before joining the sell-side, Simon was a fund manager investing in European equities first at Singer & Friedlander and then at Henderson Global Investors and ran European Smaller Companies investment products. In 2013, Simon left Berenberg and established Feros Advisers in response to the significant regulatory and technological changes that are impacting investment managers and quoted companies. After University, Simon joined Coopers and Lybrand and qualified as a Chartered Accountant.

Jacques Gaetan Emsens, aged 57 *(Independent Non-Executive Director)*

Jacques was appointed to the Board in April 2020. Jacques is a founding member of JPSeven and is a member of the Board of Société Financière de Transports et d'Enterprises Industrielles (Sofina), and numerous other companies. Jacques has a long history in defining and implementing strategies of industrial businesses including Sibelco. Jacques holds a degree in Business Administration from the European University of Antwerp, from the Université Libre de Bruxelles, and from the London Chamber of Commerce and Industry and speaks French, Dutch, and English.

Timothy (Tim) Conrad Langston Hall, aged 68 *(Non-Executive Director)*

Tim was appointed to the Board in April 2019. Tim has spent his entire career in the aggregates industry, most recently as CEO of Breedon South, a business he helped build from its inception. Prior to this, he was director of Tarmac Limited's Western Area and managing director of Tarmac Western Limited, the company formed by Anglo American from the former assets of Nash Rocks, Tilcon and Tarmac. He spent the previous 27 years with Nash Rocks, latterly as managing director. Tim brings a wealth of experience and knowledge of the industry to the Board and will be an asset in SigmaRoc's continued development, as he has been with Breedon. In particular, Tim's knowledge and network within the industry will benefit SigmaRoc's growth in the aggregates and construction materials market in the UK and he is a Fellow of the Institute of Quarrying.

Dean Anthony Masefield, aged 52 *(Finance Director)*

Dean was appointed as SigmaRoc's Finance Director in 2020, prior to which he acted as Finance Director of the Ronez platform, where he was responsible for the implementation and development of new accounting procedures and controls, ensuring that the business meets its reporting and statutory requirements, as well as contributing to the growth ambitions of the organisation. Dean has held a number of roles within the finance industry in Jersey, predominantly in trust companies and banks, including a Head of Finance role at BNP Paribas where he played a pivotal role in the migration of accounting systems from legacy systems, SG Hambros as a Manager of Regulatory Reporting and Lombard Odier Darier Hentsch as Financial Controller. He started his career providing audit, accountancy and tax services and qualified with BDO in Jersey. Dean is a fellow of the Institute of Chartered Accountants in England and Wales. Conditional on Admission, Dean will step down from the Board, but will remain with the Enlarged Group, assuming responsibility for the Existing Group's operations as Deputy CFO, covering the Enlarged Group's UK and Belgium platforms.

Board changes

Conditional on Admission, Garth Palmer will be appointed to the Board as an Executive Director and he will act as Chief Financial Officer for the Enlarged Group. Dean Masefield will simultaneously step down from his position on the Board as Finance Director, but will remain with the Enlarged Group, assuming responsibility for the Existing Group's operations as Deputy CFO, covering the Enlarged Group's UK and Belgium platforms.

The Company has also commenced a search and selection process to identify an additional Non-Executive Board member and will make such an appointment within twelve months of Admission.

Proposed senior management/technical team on Admission**Charles Edmund Trigg (CTO - Chief Technical Officer)**

Charles co-founded SigmaRoc together with David Barrett, Max Vermorken, Garth Palmer, and Alphons Vermorken in August 2016. He has served as its Technical Director since that date. Key focus areas have included M&A, CAPEX and special projects as well as overseeing operational excellence, health and safety, ESG, Risk and Insurance.

Prior to SigmaRoc, Charles built his career in construction and construction materials across the world. He started his Career with Holcim before moving to Qatar working for Government Company charged with the country's strategic construction materials supply and then New Zealand on the strategic planning of the reconstruction of Christchurch after the earthquake. He returned to Holcim as Group Head of Capex Northern Europe as well as heading up the operations and supply chain streams for the LafargeHolcim merger for the Northern European region. He holds a degree in Chemical Engineering and Minerals Processing from the University of Birmingham and is a Fellow of the Institute of Quarrying.

His focus as CTO will be on M&A and integration, CAPEX and projects and operational excellence, as well as overseeing health and safety, ESG, Risk and Insurance. He will be assisted by a small team of three operating across all of SigmaRoc's platforms.

Alphons (Fons) Theodoor Vermorken (CIO – Chief Information Officer)

Fons co-founded SigmaRoc together with David Barrett, Max Vermorken, Garth Palmer, and Charles Trigg. Fons joined the Company at its founding in 2016 as a consultant, assisting with the acquisitions of Ronez and several other companies, while also focusing on all matters related with IT, Enterprise Resource Management implementations, analytics, and digital innovation. As the Company grew, the need for further increased M&A support, specialist systems and IT risk management was required, and Fons gradually increased his involvement to now join full time as CIO.

Prior to joining SigmaRoc, Fons built a career in big data analytics and programming, developing software solutions and applications to analyse vast data sets for risk management, trading, investing and accounting purposes. He started his career with Société Générale S.A., on the Hedge Fund risk desk, assisted with the restructuring of Apollo Global Management held portfolio companies, and built trading software packages for hedge fund Altana Wealth. He holds degrees in Financial Economics and in Computational Econometrics from ESCP Business School, Université Libre de Bruxelles and Ghent University, and published several peer-reviewed papers on big data analytics.

His focus as CIO will be on Enterprise Resource Management systems integration, data analytics for performance optimisation, digital marketing/innovation and targeted M&A work. He will be assisted by a small team of three based in London.

Anthony Lionel Brockbank (General Counsel)

Anthony was appointed to SigmaRoc in May 2020 and acts as General Counsel for the Existing Group. He was admitted as a solicitor in England and Wales in 1986 and has over 30 years of experience as a lawyer, specialising in corporate finance.

Anthony qualified as a solicitor with Linklaters & Paines in London where he worked from 1984 to 1989. He moved to Hobson Audley in 1989 where he became a partner in 1993, before moving to Fieldfisher LLP in 2000 where he is a partner in the corporate group. Anthony obtained a degree in Modern History in 1982 from Christ Church, Oxford. He obtained his Common Professional Examination in 1983 and Solicitors' Finals in 1984 from the College of Law, Chancery Lane.

Anthony continues to be a partner at Fieldfisher LLP but devotes at least two days per week to the Existing Group, and will continue to do so for the Enlarged Group.

Emmanuel Pierre Maes (European Director)

Emmanuel joined SigmaRoc in 2019, where he oversees and steers the running and expansion of the European platforms. Previously Emmanuel served as CEO of Group De Cloedt (2004-2018), building the business from €40 million to €240 million turnover through organic growth and acquisitions. Emmanuel brings extensive knowledge of the European markets and will help build a European footprint with a focus on countries around the North Sea, targeting European aggregates producers. Emmanuel holds degrees in law and economics with a career spanning three decades in private equity and the construction materials industry. Emmanuel holds Master in Applied Economics and in Law from the Catholic University of Leuven.

Paul Gustavsson (CEO, Nordkalk)

Paul Gustavsson was appointed to Nordkalk in April 2019 as CEO. Paul has a high level of experience with roles as Group CEO of private-equity owned child car seat manufacturer Britax Group Ltd as well as 15 years of experience across various leadership positions at Volvo Group, the Swedish car manufacturer. Paul started his career with 6 years as a management consultant at Arthur D. Little. Since being appointed CEO of Nordkalk, Paul has been involved in implementing the NICO programme. Paul holds a master's degree in Industrial Engineering and Management from the Chalmers University of Technology.

Marcel Gestranus (CFO, Deputy CEO, Nordkalk)

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

Michael (Mike) Jeremy Osborne (Managing Director, Channel Islands Platform)

Mike Osborne is the managing director of SigmaRoc's Ronez platform; previously he was managing director from 2006 until SigmaRoc's acquisition in 2017, where he has been responsible for Ronez's strategic direction and operational management. Prior to this, he spent four years as director of Aggregate Industries' overseas operations, reporting directly to the Aggregate Industries' chief executive officer. Between 1998 and 2001, Mike held a number of roles for Tarmac Group Limited primarily in Central Europe. Mike has a BSc (Eng) in Mining Engineering from the University of London and he is a Fellow of the Institute of Quarrying.

Michael (Mick) Ignatius Roddy (Managing Director, PPG Platform)

Mick has been the managing director of SigmaRoc's Precast Products Group platform since December 2017 and he has been working within the building materials and products sector for 16 years. Most recently, Michael worked as Group Commercial Director for U Value Insulation, a multi-site, international building product distributor. Prior to working with U Value Michael held various senior management positions, across a number of countries within the Hilti Group. He played a pivotal role in the creation and implementation of the standalone Energy and Industry organisation within Hilti. Before this, Michael worked at Lagan Building Solutions, where he led the sales function and had responsibility for driving new product development within the company. With considerable international experience and a demonstrated track record of developing people and building great teams, Michael has delivered sustainable profitable growth within each organisation he has worked. Michael holds an MBA from Robert Gordon University and a Bachelor's degree in business from Dublin Institute of Technology.

Christophe Jacques Huyghebaert (Managing Director, Dimension Stone Platform)

Christophe joined SigmaRoc in 2021 as the managing director of the dimension stone platform.

Prior to SigmaRoc, Christophe spent 12 years working for HeidelbergCement Benelux, during which he held different management positions in Cement, Aggregates and concrete operations. In his last position, he was Commercial Director for the aggregates division of HeidelbergCement Benelux. Starting as a sales representative for Interbeton in Belgium, Christophe moved on to hold multiple management positions at Interbeton and later CBR, part of the HeidelbergCement AG group. Christophe holds a Masters degree in Commercial Engineering from the K.U. Leuven.

Nicholas (Nick) John Cleary (Managing Director, South Wales Platform)

Nick was appointed as managing director of the South Wales platform in 2021. A civil engineer by profession, he has held director roles in a number of Major Civil Engineering businesses over the 27 years of his career. Most recently as Operations Director for Alun Griffiths Contractors, a leading regional civil engineering and construction contractor. Prior to working with Alun Griffiths, Nick held various senior management positions at Galliford Try, Mabey Bridge and Birse Civils. Nick holds a Bachelor's degree in Civil Engineering from the University of Nottingham.

21. CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance. As a company whose shares are quoted on AIM, the Board has decided to comply with the QCA Code. In addition, the Directors have adopted a code of conduct for dealings in the shares of the Company by Directors and employees and are committed to maintaining the highest standards of corporate governance. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its Shareholders and that Shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

The Board is responsible for formulating, reviewing and approving the Existing Group's strategy, budgets and corporate actions. The Company holds Board meetings at least four times each financial year and at other times as and when required.

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

Audit Committee

The Company has an established framework of internal control, the effectiveness of which is regularly reviewed by the Audit Committee in light of an ongoing assessment of significant risks facing the Company and the Existing Group. The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls. The Audit Committee is made up of independent, Non-Executive Directors and shall meet not less than twice in each financial year. During financial year 2020, the Audit Committee met formally three times and discussed the external audit tender process, audit planning, auditor's fees and independence, auditor's effectiveness, the interim and annual reports, internal audit, internal controls and risk management, taxation, the going concern and viability statement, significant accounting matters, plans for transition to new accounting standards, whistleblowing as well as the Audit Committee's terms of reference. The Audit Committee is chaired by Simon Chisholm and its other member is Jacques Emsens. A new independent Non-Executive Director is expected to join the Audit Committee when they are appointed, which will be within 12 months of Admission.

Remuneration Committee

The Remuneration Committee is responsible for determining and agreeing with the Board the framework or broad policy for the remuneration of the executive offices and other senior managers, taking into account all factors which it deems necessary including the level of the Company's remuneration relative to other companies to ensure that members of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the Company, and determining each year whether awards will be made, and if so, the overall amounts of such awards, the individual awards to Executive Directors and other senior executives and the performance targets to be used. During the financial year 2020, the Remuneration Committee met formally twice and discussed executive salaries, annual bonuses, pay and benefit levels across the Existing Group, as well as the Directors' Remuneration report. The remuneration committee is chaired by Simon Chisholm and its other member as at the date of this document is Garth Palmer. On Admission, Garth Palmer will become an Executive Director and CFO of the Enlarged Group. Accordingly, Garth Palmer will step off the Remuneration Committee and will be replaced by Jacques Emsens. A new independent Non-Executive Director will be appointed within 12 months of Admission and they are also currently expected to be appointed to the Remuneration Committee.

AIM and UK MAR Compliance Committee

The AIM Rules and UK MAR Compliance Committee monitors the Company's compliance with the AIM Rules for Companies and UK MAR and seek to ensure that the Nominated Adviser is maintaining contact with the Company on a regular basis and vice versa. The committee ensures that procedures, resources and controls are in place with a view to ensuring the Company's compliance with the AIM Rules for Companies and UK MAR. The committee also ensures that each meeting of the Board includes a discussion of AIM matters and assesses (with the assistance of the Nominated Adviser and other advisers) whether the Directors are aware of their AIM responsibilities from time to time and, if not, to ensure they are appropriately updated on their AIM responsibilities and obligations. The AIM Rules and UK MAR Compliance Committee is chaired by Simon Chisholm and its other member is Garth Palmer.

Nominations Committee

The Nominations Committee reviews the composition and efficacy of the Board and where appropriate recommend nominees as new directors to the Board. It evaluates the balance of skills, knowledge and experience on the Board and keeps up-to-date and fully informed about strategic issues and commercial changes affecting the Existing Group and the market in which it operates. It keeps under review the leadership needs of the organisation, both executive and non- executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace. The Nominations Committee is chaired by Simon Chisholm and its other member is David Barrett.

Share Dealing Code

The Company has adopted a share dealing policy which sets out the requirements and procedures for the Board and applicable employees' dealings in any of its AIM securities in accordance with the provisions of UK MAR and of the AIM Rules.

Bribery and anti-corruption policy

The Company has adopted an anti-corruption and bribery policy which applies to the Board and employees of the Company and will apply to management and employees of Nordkalk following completion of the Acquisition. It generally sets out their responsibilities in observing and upholding a zero tolerance position on bribery and corruption in all the jurisdictions in which the Enlarged Group operates as well as providing guidance to those working for the Enlarged Group on how to recognise and deal with bribery and corruption issues and the potential consequences. The Company expects all employees, suppliers, contractors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner, be aware of and refer to this policy in all of their business activities worldwide and to conduct business on the Company's behalf in compliance with it. Management at all levels are responsible for ensuring that those reporting to them, internally and externally, are made aware of and understand this policy.

22. HEALTH AND SAFETY

The Enlarged Group will integrate the existing Nordkalk health and safety policy and practices into the SigmaRoc's existing framework to ensure that best practice is captured at all times. Health and Safety will be an area of ongoing focus and continual improvements. The Enlarged Group strives to commit to the health, mental wellbeing and safety of our staff, contractors, customers and communities.

23. DIVIDEND POLICY

Whilst the Directors propose that earnings are re-invested into the development of the Enlarged Group's asset base in the short to medium term, the Board will consider commencing the payment of dividends as and when the development and profitability of the Company allows, and the Board considers it commercially prudent to do so. The declaration and payment of dividends and the quantum of such dividends will, in any event, be dependent upon the Company's financial condition, cash requirements and future prospects, the level of profits available for distribution and other factors regarded by the Board as relevant at the time.

24. TAXATION

Information regarding certain taxation considerations for corporate, individual and trustee Shareholders in the UK with regard to Admission is set out in paragraph 21 of Part VII of this document.

25. GENERAL MEETING

The notice convening the General Meeting is set out at the end of this document. The General Meeting has been convened for 11.00 a.m. on 2 August 2021 at the offices of the Company at 56 Queen Anne Street London, W1G 8LA, United Kingdom where the following Resolutions will be proposed:

- (a) *Resolution 1*: an ordinary resolution to approve the Acquisition as a reverse takeover for the purposes of Rule 14 of the AIM Rules for Companies;
- (b) *Resolution 2*: a special resolution to authorise the Directors to:
 - (i) allot the Placing Shares; and
 - (ii) allot the Consideration Sharesand to allot the Placing Shares for cash and to dis-apply statutory pre-emption rights in respect of the same.
- (c) *Resolution 3*: a special resolution to authorise the Directors to allot the Retail Offer Shares and to do so for cash and to dis-apply statutory pre-emption rights in respect of the same.
- (d) *Resolution 4*: a special resolution which would effectively top up or renew the authorities granted to Directors at the last AGM, granting the Directors the same relative percentage levels of authority but

with reference to the Enlarged Share Capital rather than the share capital of the Company as it was at the time of the AGM. Accordingly, this resolution would authorise the Directors to allot Ordinary Shares or grant rights over Ordinary Shares up to an aggregate nominal value of £2,126,385.83 (representing 1/3rd of the Enlarged Share Capital on Admission) and to dis-apply statutory pre-emption provisions to enable the Directors in certain circumstances to allot equity securities for cash up to an aggregate nominal value of £637,915.75 (representing ten per cent. of the Enlarged Share Capital on Admission).

(e) *Resolution 5*: to approve the terms of the LTIP and the grants thereunder,

Resolutions 1 and 2 shall be inter-conditional upon each other as they are both required in order for the Proposals to have effect. This means that should one of them not be passed then neither of them will.

Resolution 3 is necessary for the Retail Offer and is conditional upon the passing of Resolutions 1 and 2 (i.e. the Retail Offer will not go ahead if the Placing and Acquisition do not).

Resolutions 4 and 5 are conditional upon Resolutions 1 and 2 being passed (i.e. the additional top up share authorities and the adoption of the LTIP will not occur if the Placing and Acquisition do not).

26. IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT

The Company has received irrevocable undertakings from the Directors that they will, or will procure that the legal Shareholders will, vote in favour of Resolution 1 and 2 at the General Meeting in respect of 3,954,494 Ordinary Shares, representing, in aggregate, approximately 1.41 per cent. of the Existing Ordinary Shares.

The Company has also received the following irrevocable undertakings and letters of intent from certain other Shareholders to vote in favour of Resolutions 1 and 2 in respect of the following number of Ordinary Shares:

<i>Irrevocable or letter of intent</i>	<i>Name of holder</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights over Existing Ordinary Shares</i>
Irrevocable	BGF Investments LP*	21,792,872	7.79%
Irrevocable	Hermco Property Limited*	18,502,502	6.61%
Letter of intent	Hargreave Hale Limited*	14,745,400	5.27%
Letter of intent	Hanover Catalyst Fund	5,681,372	2.03%
Letter of intent	M&G Investment Management*	24,152,918	8.63%
Letter of intent	MI Chelverton UK Equity Growth Fund	17,952,460	6.41%
Irrevocable	James Woodyer*	2,439,024	0.87%
Letter of intent	Slater Investments Ltd*	14,582,422	5.21%
Irrevocable	Huntress Nominees Limited*	47,561,988	16.99%
Total		167,410,958	59.82%

Notes:

* – denotes Shareholders that provided to the Company irrevocable undertakings or letters of intent to vote in favour of Resolution 5.

Accordingly, in aggregate, the Company has received irrevocable undertakings and letters of intent to vote in favour of Resolutions 1 and 2 in respect of 171,365,452 Ordinary Shares representing approximately 61.23 per cent. of the Existing Ordinary Shares in issue as at the date of this document. The Company has also received irrevocable undertakings and letters of intent to vote in favour of Resolution 5 in respect of 143,777,126 Ordinary Shares representing approximately 51.37 per cent. of the Existing Ordinary Shares in issue as at the date of this document.

27. ACTION TO BE TAKEN

A Form of Proxy is enclosed with this document for use by Shareholders in connection with the General Meeting. Whether or not you intend to be present at the General Meeting, Shareholders are asked to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be received by the Company's Registrars, Link Group Limited at 10th Floor Central Square, 29 Wellington Street, Leeds, LS1 4DL, as soon as possible and in any event so as to arrive not later than 11.00 a.m. on 2 August 2021, being 48 hours (excluding weekends and public holidays) before the time appointed for the holding of the General Meeting. The completion and return of the form of proxy will not preclude Shareholders from attending the General Meeting and voting in person should they wish to do so and subject to the matters set out below. Accordingly, Shareholders are urged to complete and return the form of proxy as soon as possible.

IMPORTANT NOTICE REGARDING COVID-19

As recently announced by the Government, it is likely that there will be no restrictions placed on events like the General Meeting. The position at law is therefore that Shareholders may attend, speak and vote at the General Meeting if they would like to.

The Board believes that, notwithstanding the recent relaxation of Government restrictions in relation to the holding of events, a cautious approach to situations that appear to carry a higher COVID-19 transmission risk, is appropriate.

The Company will therefore put in place various distancing and hygiene measures in order to run the event as safely as possible and we would encourage attendees to wear face masks.

If the situation or regulations change such that the Board considers it is no longer possible or appropriate for Shareholders to attend the General Meeting in person (beyond the minimum required to hold a quorate meeting) we will notify Shareholders of any such changes as soon as practicable via our website (www.sigmaroc.com) and, where appropriate, via an announcement on a Regulatory Information Service.

Shareholders should check our website to ensure they have the most up to date information available regarding the General Meeting. We would like to thank all Shareholders in advance for their co-operation and understanding.

Accordingly, whilst attendance will no longer be restricted by law or regulation the Board considers it prudent for Shareholders and corporate representatives to submit their proxy appointments and instructions as soon as possible using any of the methods set out in the "Notes to the Notice of the General Meeting" at the end of the Notice of General Meeting to ensure that their votes are registered. The Board strongly advises members to appoint the Chairman of the General Meeting as proxy for all votes, rather than a named individual. This will ensure that your votes will be counted.

28. APPLICABILITY OF THE CITY CODE

The Company is a public limited company incorporated in England & Wales and the Enlarged Share Capital will be admitted to trading on AIM. Accordingly, the City Code will apply to the Company.

Under Rule 9 of the City Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer to all the remaining Shareholders of that company to acquire their shares. Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company and not more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, a general offer will normally be required in accordance with Rule 9.

An offer under Rule 9 must be made in cash (or be accompanied by a cash alternative) and at not less than the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under the City Code a concert party (as defined therein) arises when persons acting together pursuant to an agreement or understanding (whether formal or informal) cooperate to obtain or consolidate control of, or frustrate the successful outcome of an offer for, a company subject to the City Code. Control means an interest or interests in shares carrying an aggregate of 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control.

29. ADMISSION, SETTLEMENT AND DEALINGS

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. Admission of the Placing Shares and Consideration Shares is conditional, *inter alia*, on Resolutions 1 and 2 being approved by Shareholders and the Polish Competition Office Clearance. It is expected that Admission will become effective and that trading in the Enlarged Share Capital will commence on AIM in late August 2021. An appropriate announcement will be made by the Company once the Polish Competition Office Clearance has been obtained.

If Resolutions 1 and 2 are not passed at the General Meeting or the Polish Competition Office Clearance is not obtained, the Proposals will not proceed and the Directors will consider alternative options for the Company.

30. CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations.

The Ordinary Shares are eligible for CREST settlement. Accordingly, following Admission, settlement of transactions in the Ordinary Shares may take place within the CREST system if a Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates are able to do so.

For more information concerning CREST, Shareholders should contact their stockbroker.

31. RISK FACTORS AND ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Parts II to VII (inclusive) of this document. You are recommended to read all the information contained in this document and not just rely on the key or summarised information. In particular Shareholders should read in full the Risk Factors set out in Part III of this document.

32. DIRECTORS' RECOMMENDATION AND VOTING INTENTION

The Directors consider that the Proposals are in the best interests of the Shareholders and the Company as a whole and, accordingly, the Directors recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they have irrevocably undertaken to do in respect of Resolutions 1 and 2 in respect of their own beneficial holdings of 3,954,494 Ordinary Shares, representing approximately 1.41 per cent. of the Company's Existing Ordinary Shares.

Yours faithfully

Max Vermorken
Chief Executive Officer

PART II

SUMMARY OF THE ACQUISITION AGREEMENTS

Part A: The Nordkalk Share Purchase Agreement

Seller: Rettig Group Oy Ab

Buyer: SigmaRoc Plc

Target: The entire issued share capital, and certain shareholder loans in, Nordkalk Oy Ab

Purchase Price and payment:

The purchase price for the shares and the shareholder loans is an amount equal to the aggregate of: (i) the enterprise value of approximately €470 million (approximately £402 million); minus (ii) the estimated net debt of the Nordkalk Group; plus (iii) the amount by which the estimated net working capital exceeds or is less than the normalised net working capital of the Nordkalk Group; minus (iv) fifty percent (50 per cent.) of the insurance costs payable by the Company in connection with the W&I Insurance (the “**Purchase Price**”).

€50 million (approximately £43 million) of the Purchase Price shall be satisfied by the issue by the Company to the Seller of the Consideration Shares at the Placing Price and the remaining Purchase Price shall be paid in cash no later than four (4) business days after Admission.

The cash purchase price shall be adjusted on a euro-for-euro basis by an amount equal to the aggregate of: (i) the difference between the estimated and actual net debt at the month end preceding Admission; plus (ii) the difference between estimated and actual net working capital at the month end preceding Admission.

Lock-up:

During a period beginning upon Admission and ending twelve (12) months thereafter, the Seller undertakes not to dispose of the Consideration Shares in the Company it receives without the prior written consent of the Company, with certain customary exceptions and, for the 12 months following that period, that it will only dispose of its holdings through Peel Hunt and Liberum Capital and in such a manner as they may direct so as to maintain an orderly market in the Ordinary Shares.

Conditions to completion:

Completion of the Acquisition will take place on and is subject to Admission and is subject to the fulfilment of the following conditions:

- (a) the Company has received Polish Competition Office Clearance;
- (b) no law or authority or court prohibits the Acquisition;
- (c) no Material Adverse Effect has occurred by the Closing Date (unless waived in writing by the Company);
- (d) the Seller has acquired certain shares held by certain key employees, managers and directors of the Nordkalk group companies so that 100 per cent. of the shares of the group (excluding treasury shares) will be held by the Seller at Completion;
- (e) the Seller entering into the NK East Share Purchase Agreement and acquiring the shares of NK East Oy.

Completion

Completion of the sale and purchase of the shares and shareholder loans of Nordkalk by the Company will occur upon Admission (“**Completion**”).

If the conditions to Completion have not been fulfilled by the Long Stop Date (being, 31 December 2021) either party may, subject to certain preconditions, terminate the agreement with immediate effect, provided

that a party is not entitled to terminate the agreement if such party's breach has caused or resulted in the failure of Completion to occur by such date.

During the period between the date of the Nordkalk Share Purchase Agreement and Completion, the companies in the Nordkalk Group shall operate their business in the ordinary course of business and the Seller shall use its best efforts to cause such companies not to take, nor agree to take, certain specified actions.

Post-Completion Events:

Following receipt of the requisite approval for change of control from FAS, the Company (or one of its affiliates designated by it) shall acquire from the Seller the shares of NK East Oy at a purchase price of €1 (one euro).

Warranties of the Seller:

The Seller has given customary warranties to the Company as at the date of the Nordkalk Share Purchase Agreement and at Admission in relation to organisation; ownership, power and authority; capitalisation; subsidiaries, JV companies and corporate matters; accounts and financial records; management accounts; insolvency; connected persons; assets, real property, and leases; inventory; plant etc.; compliance with laws; authorisations and permits; contracts; arrangements with the Seller; employee matters and pensions; environmental, health and safety matters; insurance; litigations and proceedings; subsidies and grants; intellectual property; information technology; data protection; other business matters; absence of certain events; company law matters; and taxes.

The warranties concerning organisation; ownership, power and authority; capitalisation; insolvency; arrangements with Seller are considered fundamental warranties.

Warranties of the Company:

The Company has given gives warranties to the Seller as at the date of the Nordkalk Share Purchase Agreement and at Admission regarding organisation; power and authority; insolvency; financing; authority approvals; Consideration Shares; Company information; and no breach by the Seller.

The Company's remedies

Subject to the limitations of liability set out in the Nordkalk Share Purchase Agreement, the Company is entitled to compensation on a euro-for-euro basis for the amount of any damage, loss or cost (including costs and expenses reasonably incurred in connection with the recovery thereof) actually incurred by the Company or any company in the Existing Group as a result of a breach of any of the Seller's warranties or any other terms of the Nordkalk Share Purchase Agreement giving rise to a claim but excluding any indirect damage, loss and cost that is not a reasonably foreseeable consequence of such breach.

Limitations of liability:

The Seller's aggregate liability under the Nordkalk Share Purchase Agreement is limited to the amount of the Purchase Price. Except for the fundamental warranties (as specified above), the Company's right to indemnification for a breach of warranty is limited to €125,000,000. The Company is not entitled to make a claim for a breach of warranty (except for certain specific warranties) unless the aggregate amount of losses for all claims exceeds €1,500,000. Except for certain specific warranties, no individual claim will count towards the above threshold unless such individual claim exceeds €500,000 (or €275,000 with respect to tax warranties).

The Company shall make any claims against the Seller or to the Insurer, as applicable, within sixty (60) days from the date the representatives of the Company or, after Admission, the Company became aware of the basis for such claim. In any event, the Company shall make (a) claims for breaches of warranties, not later than 36 months from Admission except for claims for breaches of the fundamental warranties or warranties relating to taxes for which a claim must be made no later than 84 months from Admission; or (b) claims for breaches of any Seller's covenant under the Nordkalk Share Purchase Agreement, not later than six (6) months after the last day of the effective period of such covenant.

The Nordkalk Share Purchase Agreement includes certain other customary limitations of the Seller's liability.

No limitations of liability apply in respect of breaches of the Nordkalk Share Purchase Agreement arising due to fraud, willful misconduct or gross negligence.

Warranty and Indemnity (W&I) Insurance

The Company has obtained the W&I Insurance providing insurance coverage with respect to the warranties. The only remedy available to the Company for a breach of the Seller's warranties is an insurance claim against the insurer under the W&I Insurance, except (i) in case of a breach of the fundamental warranties for amounts over £125,000,000 and the specific warranties (see below) and (ii) in case of fraud, willful misconduct or gross negligence by the Seller in giving the warranties, as determined in a final and binding arbitration award.

Specific indemnities

Regardless of any limitations of the Seller's liability and any knowledge of the Company, the Seller shall indemnify and hold harmless the Company and its Group, against losses arising out of or relating to certain specific issues.

Certain undertakings

The Nordkalk Share Purchase Agreement includes a customary mutual confidentiality obligation, and non-solicitation and non-competition undertakings of the Seller applicable for a period of twenty-seven (27) months from Admission. Breaches of the non-solicitation and non-competition undertakings are sanctioned by contractual penalties.

Governing law and arbitration

The Nordkalk Share Purchase Agreement is governed by and construed in accordance with the laws of Finland. Disputes arising out of or relating to the agreement are finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce.

Part B: The NK East Share Purchase Agreement

The NK East Share Purchase Agreement is a simple transfer agreement to be entered into regarding 100 per cent. of the shares in NK East Oy. A summary of the principal terms of the NK East Share Purchase Agreement is set out below.

Seller: Nordkalk Oy Ab

Buyer: the Company

Target: The entire issued share capital of NK East Oy, a limited liability company incorporated and existing under the laws of Finland, having its registered domicile in Parainen, Finland, and the Business ID 1975934-0

Purchase Price: €1

Liability: The Seller does not give any representations or warranties regarding the shares or the company under the agreement and the aggregate liability of the Seller is limited to the purchase price of €1.

Governing Law: The agreement is governed by the laws of Finland

PART III

RISK FACTORS

Investing in and holding Ordinary Shares involves financial risk. Prospective investors in the Ordinary Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Ordinary Shares, the Enlarged Group's business and the industry in which it participates prior to making an investment decision.

The risk factors set out below, which are not set out in any order of priority, apply to the Enlarged Group as at the date of this document.

The risks and uncertainties described below are not an exhaustive list, are not set out in any order of priority and do not necessarily comprise all, or explain all, of the risks associated with the Enlarged Group and the industry in which it participates or an investment in the Ordinary Shares. They comprise the material risks and uncertainties in this regard that are known to the Existing Group and should be used as guidance only. Additional risks and uncertainties relating to the Enlarged Group and/or the Ordinary Shares that are not currently known to the Existing Group, or which the Existing Group currently deems immaterial, may arise or become (individually or collectively) material in the future, and may have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and prospects. If any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment. There can be no certainty that the Enlarged Group will be able to implement successfully its growth strategy as is detailed in this document. No representation is or can be made as to the future performance of the Enlarged Group and there can be no assurance that the Enlarged Group will achieve its objectives.

Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances. Prospective investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand any part of this document.

RISKS RELATING TO THE ACQUISITION

Conditions to the Acquisition Agreements, including the Polish Competition Office Clearance and FAS Competition Clearance

The Acquisition as a whole is conditional upon, amongst other things, the successful completion of the Placing, the Resolutions numbered 1 and 2 being passed at the General Meeting, the Polish Competition Office Clearance and Admission. There can be no assurance that this condition and the other conditions to the Nordkalk Share Purchase Agreement (summarised in Part II of this document) will be satisfied and that the Acquisition will complete by the long stop date, or at all.

In addition to Shareholder approval, the Acquisition is conditional on the Company receiving the Polish Competition Office Clearance, for which the Company will shortly make the necessary filings with the Polish Competition Office. The Polish Competition Office will have four weeks to issue a decision concerning the Company's initial filings, however as the Polish Competition Authority usually asks questions in relation to the submitted documentation and such questions suspend the deadline to issue the decision, the Board has received advice and would expect competition clearance in Poland to take approximately four to six weeks from filing (in the event that there are no overlapping markets). There is no guarantee that the Polish Competition Office Clearance will be forthcoming or be granted.

Furthermore, the acquisition by the Company of NK East Oy (which owns the entire issued share capital of Nordkalk's Russian Subsidiary and Nordkalk's Ukrainian Subsidiaries) pursuant to the NK East Share Purchase Agreement is subject to and conditional upon FAS Competition Clearance being granted. If it is not granted, the Company will have the right to ask for a carve-out of Nordkalk's Russian Subsidiary from NK East Oy to complete the transaction.

If any of the conditions to the Nordkalk Share Purchase Agreement are not satisfied by the Long Stop Date (being 31 December 2021), the Acquisition will lapse, neither the Acquisition nor the Placing will complete and Admission of the Enlarged Share Capital will not occur.

If any of the conditions to the NK East Share Purchase Agreement are not satisfied by the Long Stop Date (being 30 June 2022) the Company will not acquire NK East Oy.

The Company will have spent significant amount of time and money on fees which will not be recoverable.

There are limitations to the protection afforded to the Company pursuant to the warranties and indemnities contained in the Acquisition Agreements

Warranties and indemnities under the Nordkalk Share Purchase Agreement are subject to stringent limitations and are limited in scope (as described in more detail in Part II of this document). Warranty and indemnity insurance has been obtained by the Company from RiskPoint in order to minimise the risks associated with as many of the aforementioned limitations as can be covered. The warranty and indemnity policy is subject to certain limitations including an overall limitation of liability of €125,000,000, retention of €1,500,000 and individual claims limitations of €500,000 in respect of general warranties, other than tax warranties which are subject to an individual limitation of €250,000. The policy also contains time limitations of 36 months to bring a claim in respect of general warranties and 84 months for Tax and fundamental warranties. Fundamental Warranties are capped at the sale price with the first €125,000,000 covered under the W&I policy and the remainder being given by the Rettig group for 84 months. However, the warranty and indemnity policy includes certain exclusions in respect of warranties and areas that the Company Company will not be insured against, including pensions underfunding and the pensions indemnity (save in respect of the Nordkalk defined contribution scheme, further details of which are summarised below). As a result, the Company may be exposed under certain circumstances.

Should all relevant breaches fall below the retention amount for the insurance or should individual claims fall beneath the de minimis levels noted above or should such breaches be excluded from the coverage in the policy, the liability in relation to such breaches will sit with the Existing Group. Accordingly, the Company may incur substantial losses if a warranty breach occurs or a matter arises which is subject to indemnity and which is not fully covered by insurance or due to the occurrence of other matters not protected by warranties and indemnities under the Acquisition Agreement, which could have a material adverse effect on the Enlarged Group's business results of operations and financial condition.

As stated above, the terms of the insurance will not cover pension underfunding or a claim under the pensions indemnity contained in the Nordkalk Share Purchase Agreement (save in respect of the Nordkalk defined contribution scheme). The Company has investigated Nordkalk's pension arrangements as part of its due diligence. The Company is not aware of any short falls or additional liabilities, although it cannot guarantee that this is the case and the Company is reliant on the accuracy of the information provided to it by Nordkalk. Information on Nordkalk's arrangements in Norway have not been provided. The arrangements vary depending on jurisdiction and a brief overview is as follows:

Estonia

Nordkalk has no pension plan in Estonia and therefore, the public health and pension insurance scheme applies. Social tax of 33 per cent. must be paid by an employer on all salary related payments the employer makes to its employees. An amount of social tax of 33 per cent consists of a public pension scheme contribution of 20 per cent. and of a public health insurance contribution of 13 per cent. There is also an additional public pension scheme available. The additional public scheme is funded by two contributions: a contribution of 2 per cent is withheld from all salary related payments the employer makes to the employee and a contribution of 4 per cent is provided by the state. The contribution of 4 per cent by the state decreases the public pension scheme contribution of 20 per cent to 16 per cent. An employer is not required to separately to contribute to the additional public pension scheme. Individuals may substitute accession to the additional public pension scheme with investments at the specific bank account with the purpose of pension investments.

Finland

All employees are covered by statutory pension insurance in accordance with the Employees Pensions Act (395/2006, as amended), which is a defined benefit scheme. The contribution percentages are defined

yearly. In 2021, employees were required to contribute 7.15 per cent. of their salary (under 53 and over 62 years) or 8.65 per cent. (between 53 and 62 years). Nordkalk's contribution is approximately 17 per cent. in accordance with the law.

Nordkalk also operates a defined contribution scheme for approximately 5 persons, being current and former management based in Finland. The employees' contributions are decided yearly, being approximately one month's salary and Nordkalk's contribution is approximately 20 per cent. of the employee's contribution.

Poland

Nordkalk Sp maintains two pension schemes for its employees: (1) an Employee Capital Plan (PPK), which is a mandatory scheme allowing additional retirement savings; Nordkalk Sp maintains the plan under statutory rules, providing a minimum statutory contribution financed by the employer (1.5 per cent. of gross remuneration) and contribution financed by the participant (2 per cent. of gross remuneration). No additional contributions are financed by the employer; (2) an Employee Pension Plans (PPE) which is an additional scheme allowing additional retirement savings; Nordkalk Sp contributes PLN 100 (approximately €22) per month per each employee.

Sweden

In Sweden, pensions are defined through collective agreements. The ITP pension plan (for white-collar workers) and the SAF-LO pension plan (for blue-collar workers) apply to Nordkalk AB, pursuant to the collective bargaining agreements in place. All employees are covered by these pension plans except the CEO who has a separate, defined contributions plan where he receives pension contributions of 15 per cent. of his salary.

Norway

No information on pensions in Norway have been provided by Nordkalk.

The due diligence carried out in respect of Nordkalk and the Enlarged Group may not have revealed all relevant facts or uncovered significant liabilities

While the Company conducted due diligence, such as legal, tax, financial and technical, in respect of the Acquisition with the objective of identifying any material issues that may affect its decision to proceed with the Acquisition, there can be no assurance that all such issues have been identified. The Company also used information revealed during the due diligence process to formulate its business and operational planning. During the due diligence process, the Company is only able to rely on the information that was made available to it. Any information that was provided or obtained from available sources may not have been accurate at the time of delivery and/or remained accurate during the due diligence process and in the run-up to the Acquisition. Whilst the Company is of the opinion that sufficient information has been made available for its purposes based upon its current knowledge of the Nordkalk Group, there can be no assurance that the due diligence undertaken was adequate or accurate or revealed all relevant facts or uncovered all significant liabilities. If the due diligence investigation failed to identify key information in respect of the Nordkalk Group, or if the Company considered certain material risks to be commercially acceptable, the Company may be forced to write-down or write-off assets in respect of the Nordkalk Group, which may have a material adverse effect on the Enlarged Group's business, financial condition or results of operations. In addition, following the Acquisition, the Company may be subject to significant, previously undisclosed liabilities in respect of the Nordkalk Group that were not known or identified during due diligence and which could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations. In addition, whilst the Company's technical advisers were able to visit Nordkalk's major sites of operation, given COVID-19 related restrictions, it was not possible to complete site visits to all of Nordkalk's assets.

In particular, information relating to the joint ventures to which members of the Nordkalk Group are a party has been difficult to ascertain, due to restricted information rights and existing confidentiality restrictions in the joint venture arrangements which the relevant Nordkalk entity is subject to. The Board considers the risks in relation to this relatively minor in the context of the Enlarged Group.

Furthermore, as is customary when investigating companies for the purposes of an acquisition, as part of its due diligence the Company has uncovered a variety of matters in the Nordkalk Group which could be

improved upon (which span a variety of areas including but not limited to employment, property, land title registration, competition, data protection and IP protection). The Company and the Board assess these matters as minor in the context of the Acquisition and their intention is to address these post Admission to the extent it is considered prudent to do so in the context of the Enlarged Group.

Whilst the Company has received a form of contractual comfort pursuant to the warranties and indemnities contained in the Nordkalk Share Purchase Agreement and has certain protections under the warranty and indemnity insurance, there is no guarantee that such arrangements will provide adequate compensation for the Company for any loss or liability arising from any undisclosed liabilities, issues or defects that may arise in relation to Nordkalk. Further the warranty and indemnity insurance does not cover any issues in relation to the title to shares of Nordkalk. Nor is there any guarantee that any loss or liability incurred is capable of being recovered in full under the terms of the insurance policy. This could have a material adverse effect on the financial position of the Enlarged Group.

Nordkalk's results may not match the Board's expectations

If the results and cash flows generated by Nordkalk are not in line with the Company's expectations, it may materially impact on the financial performance of the Enlarged Group which could have an adverse effect on the Enlarged Group's financial position and share price. In addition, any goodwill that arises on the Acquisition may be required to be written down, which, while having no cash impact, could have an adverse effect on the Enlarged Group's financial position and share price.

There can be no assurance that the Enlarged Group will realise the anticipated benefits of the Acquisition

The Enlarged Group may not realise the anticipated benefits from the Acquisition or may encounter difficulties in achieving the anticipated benefits. The Enlarged Group is subject to all of the risks set forth in this "Risk Factors" section which may impact the Enlarged Group's ability to realise the benefits its Directors believe will result from the Acquisition. In addition, if the future financial performance and cash flows generated by the Enlarged Group are not in line with the Directors' expectations, or the mineral resource is not of the quality, or is not present in the volumes that the Directors expect, it may significantly affect the financial performance of the Enlarged Group. This could reduce the potential benefits arising from the Acquisition, adversely affect the market price of the Ordinary Shares, or have a material adverse effect on the Enlarged Group's business, financial condition, operating results and prospects.

Written agreements between Nordkalk and key customers and key suppliers are lacking and several material agreements between Nordkalk and key suppliers have expired

Certain material suppliers of Nordkalk, including those in the top 20 suppliers for 2020 and 2021 to date, are supplying Nordkalk without legally binding written agreements. Whilst these suppliers have been operating in this way for some time, there is a risk that in the absence of written terms there may be disagreements as to the terms of supply or the supply may be terminated or discontinued without notice. In addition, certain agreements with key suppliers and customers have expired. It has been confirmed by Nordkalk that deliveries have continued on the basis of the customer's or supplier's terms under the expired agreements and that extension negotiations would usually take place approximately three months before the end of the contractual term. However, there is a risk that any such extension may not be capable of being agreed and as such the relevant supplier or customer may no longer be legally bound to perform their obligations under the relevant agreement. Following completion of the Acquisition, the Company will be taking steps to seek to ensure that all key suppliers and customers are legally bound by written agreements.

Nordkalk AB is involved in a major dispute with the Swedish state

Nordkalk AB, Nordkalk's main operating subsidiary in Sweden, is involved in a dispute with the Swedish state as claimant, in which Nordkalk AB has claimed damages from the Swedish state in the amount of SEK 2,368,379,000 (approximately £198 million).

On 1 April 2020, Nordkalk AB filed a claim for compensation for economic loss due to land use restrictions as a result of the Swedish government's designation of a piece of land as environmentally protected pursuant to a Natura 2000 decision (Nacka District Court case no. M2296-20). The counterparty is the Swedish State, which is represented by the Legal, Financial and Public Procurement Agency.

In June 2014, Nordkalk AB was granted a permit for limestone quarrying on the company-owned property known as Bunge Ducker 1:64 (case no. M 366-13) by the Land and Environmental Court. The permit allowed a maximum quarrying of 2.5Mtpa of limestone until the limestone deposit on the property ends, which was expected to take about 25 years. The permit decision was appealed. On 31 August 2015, before the Land and Environmental Court of Appeal had ruled in the appealed case, the Government designated Bunge Ducker 1:64 (including the limestone deposit) as a Natura 2000 area. Within a Natura 2000 area, biodiversity is considered worthy of protection and no environmentally damaging interventions can be made. In a judgment on 11 September 2018, the Land and Environment Court of Appeal revoked the June 2014 permit with direct reference to the fact that the alleged limestone quarry now was designated as a Natura 2000 area according to the Government decision. Nordkalk AB appealed to the Supreme Court which, in a decision on 1 April 2019, refused leave to appeal and the Land and Environmental Court of Appeal's judgment gained legal force. The case is ongoing. Depending on the duration and outcome, legal costs may be incurred in making the claim. Although it is usual for each party in litigation to bear its own costs, Swedish case law has precedent to support that in cases such as this, the State may be responsible for Nordkalk's costs, albeit this is at the determination of the court. Notwithstanding this, it is a term of the Nordkalk Share Purchase Agreement that the costs of the litigation will be split 30:70 (SigmaRoc : the Seller) and any award or damages granted by the court will be split in the same proportions. In the event that the Company wishes to withdraw from the claim it is agreed that the Company shall have no right to any awards or damages which will be for the Seller only. In the event that the Company wishes to withdraw from the claim and does not grant the Seller consent to continue with proceedings on its own, the Company shall pay to Seller a fee equal to €3,500,000 (from which amount any proceeds already paid to the Seller from divestments of certain idle Gotland plots shall be deducted).

There are inherent environmental risks in the sector that the Enlarged Group operates

Quarrying operations have inherent risks and liabilities associated with damage to the environment and the disposal of waste products occurring as a result of exploration and production. Environmental and safety legislation and regulation (e.g. in relation to reclamation, disposal of waste products, pollution and protection of the environment, protection of wildlife and otherwise relating to environmental protection) is frequently changing and is generally becoming more restrictive with a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. Future changes (which may include additional areas being protected pursuant to a Natura 2000 designation) could impose significant costs and burdens on the Enlarged Group (the extent of which cannot be predicted) both in terms of compliance and potential penalties, liabilities and remediation. Investor sentiment may also change and there is a risk that investors turn away from sectors which have potentially negative environmental impacts. Breach of any environmental obligations could result in penalties and civil liabilities and/or suspension of operations, any of which could adversely affect the Enlarged Group. Further, approval may be required for any material plant modifications or additional land clearing and for ground disturbing activities. Delays in obtaining such approvals could result in the delay to anticipated exploration programmes or mining activities.

The Enlarged Group will need to apply for new permits to maintain or increase the level of future production at several of its sites of operation, where the permitting application processes may be adversely affected or ultimately fail due to environmental concerns, including protected species and complaints from local inhabitants. Any environmental issues encountered will likely increase the expense and timeline for the permitting process and decrease the ultimate likelihood of success. In particular, the Klinthagen mine (located on Gotland, Sweden) is nearing the end of its current Reserves, and Nordkalk has already encountered difficulties obtaining permits for land on Gotland due to environmental issues.

There may also be unforeseen environmental liabilities resulting from quarrying activities, which may be costly to remedy. If the Enlarged Group is unable to fully remedy an environmental problem, it may be required to stop or suspend relevant operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Enlarged Group. The Enlarged Group is currently evaluating the costs of insurance for environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from production).

Whilst the Company has carried out appropriate legal, financial and technical due diligence on Nordkalk, it has not been able to fully assess certain aspects of the Nordkalk business, or visit every site of operation, including a full assessment of Nordkalk's compliance with applicable environmental laws and regulations or

visit every site of operation. Whilst appropriate warranties and other comfort, where possible, has been sought from the Sellers in the Acquisition Agreement, there can be no guarantee that Nordkalk is not later found to be in breach of applicable law and regulation and may be requested to remedy any such breaches at its own cost or else may incur additional liabilities (including fines and censures) in respect of the same.

In particular, a number of sites in Sweden have been registered as contaminated properties in the national register of contaminated properties, including the Storugns and Köping ports and there is therefore a potential financial liability attached to this registration. In Sweden, registration is automatic for any site with operations that contaminate or could potentially contaminate the land.

Environmental hazards may exist on the properties in which the Enlarged Group holds interests that are unknown to the Company and that have been caused by previous or existing owners or operators of the properties. To the extent the Enlarged Group is subject to environmental liabilities, the payment of any liabilities or the costs that may be incurred to remedy environmental impacts would reduce funds otherwise available for operations. However, compensation can often be claimed from previous landowners if they were the polluters.

Certain financing arrangements are subject to change of control provisions

Certain of the financing arrangements which have been entered into by members of the Nordkalk Group contain change of control clauses which will require the consent of the third party or otherwise permit unilateral termination. To the extent that the Company wishes to keep these financing arrangements in place following completion of the Acquisition, the Company will require the consent of third parties, which may not be forthcoming.

There is a put option in NKD Holding Oy's Shareholders' Agreement

The Shareholders' agreement relating to NKD Holding Oy, details of which are contained in paragraph 16.2(b) of Part VI of this document contain a put option on Nordkalk. At any time after 12 October 2032 (being the fifteenth anniversary of the agreement's effective date of 12 October 2017) NKD Holding Oy's other Shareholder, an Estonian company named Debalma OÜ (which holds 49 per cent. of the issued share capital of NKD Holding Oy) has the right to demand that Nordkalk acquires the shares in NKD Holding Oy owned by Debalma OÜ, at an option price which will be calculated based on the mechanism included in the NKD Holding Oy's Shareholders' Agreement.

Land owned by the Nordkalk Group may be adversely impacted by the construction of a motorway in Poland

The Polish government is planning to construct a motorway in Poland (the S12 motorway) which may impact the northern part of the Slawno deposit. The Company has been able to ascertain from due diligence that Nordkalk owns two plots of land and is intending to buy further plots (and extend a mining permit), which may be impacted by the construction of the S12 motorway. The construction of the motorway may involve the expropriation of Nordkalk's land, thereby impacting the ability of this site to operate. The construction may also provide an opportunity for the Enlarged Group to provide the materials for the construction.

Nordkalk is currently in a dispute with a third party regarding certain patents

Nordkalk is currently in a dispute with a third party relating to the use of a number of patents relating to machinery used to produce a specific product. The third party alleges that the patents are based upon technology derived from the third party and is willing to file for an invalidation of the patents in question. The Company understands that Nordkalk disputes this claim and the use of the patent is subject to ongoing negotiations between the parties. Whilst the Company assesses this to be a minor matter, it may be forced to spend fees and resources on defending any claim (should a formal claim be instigated) and there can be no guarantee that it would be successful in doing so. Should the patents in question be invalidated, competitors and other third parties would be able to use the technology freely and therefore manufacture or produce similar or competing products.

RISKS RELATING TO THE ENLARGED GROUP AND ITS BUSINESS

Mineral Resource and Mineral Reserve estimates and Nordkalk's use of the United Nations Framework Classification (UNFC) Mineral Resource and Mineral Reserve categorisation

In addition to the above, the Enlarged Group's reported Resources are estimates based on external geologist review of sites and geological data and consider a range of assumptions. In addition, Resource estimates can be based on limited sampling and consequently may be uncertain because the samples may not be representative. There are numerous uncertainties inherent in estimating Resources and Reserves, including factors beyond the control of the Enlarged Group. The estimation of Resources is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, material testing, production, evaluation of mine plans and exploration activities subsequent to the date of any estimate may justify revision (up or down) of such estimates. There is no assurance that the entirety of the Resources can be economically quarried. Mineral Reserves have more certainty and consider non geological factors such as permitting, feasibility assessments, yield, social and environmental factors. Lower market prices, increased production costs, reduced recovery rates and other factors may render parts of the Enlarged Group's Resources unviable to exploit and may result in revision of its estimates from time to time. Reserve data is not indicative of future results of operations. If in the future, the Enlarged Group's actual Resources and Reserves prove to be less than the current estimates, other than as a result of depletion through production, the Enlarged Group's results of operations and financial condition may be materially and adversely affected. The Company and the Directors cannot give any assurance that the estimated Reserves will be recovered as the Enlarged Group proceeds through production or that they will be recovered at the volume, grade and rates estimated.

Furthermore, Nordkalk uses the United Nations Framework Classification (UNFC) mineral Resource and mineral Reserve categorisation and reporting standard over the more commonly-used Committee for Mineral Reserves International Reporting Standards (CRIRSCO) based disclosure standard for mineral Resource and mineral Reserve estimates. The UNFC is a public domain standard that has gained traction with European governments. The UNFC is typically used for public reporting of national mineral inventories and as a generic classification framework. If estimates of mineral Reserves and mineral Resources are to be re-classified using the more technically detailed CRIRSCO standard in the future, revised modelling and planning will be required and may affect the assessment of the minerals which may result in the downward adjustment of available mineral Reserves. Nordkalk is reliant on mineral Reserves to extract limestone and any reduction to Reserves is likely to reduce the economic life of a quarry until such time as additional Reserves can be accessed, which could materially impact the longevity of the Enlarged Group's operations at quarrying sites where there is a low level of Reserves and significant planned extraction rates.

The operations of the Enlarged Group require planning permission permits and licences

The operations of the Enlarged Group require licences, permits and in some cases renewals of existing licences and permits from various governmental authorities. They also require appropriate planning permissions to apply to the area of the Enlarged Group's operations. Planning consents are required in order to extract the Enlarged Group's mineral reserves and build and update the construction and operation of concrete and asphalt plants. Planning applications can take years to be determined and, consequently, planning permissions can be costly to obtain and may ultimately not be successful. The granting of planning permissions normally attaches conditions on operating hours, emissions, discharges, restoration etc. They can be subject to appeal from both national and local lobby groups and ultimately to the public enquiry. There are risks that applications are unsuccessful or are delayed at sites where reserves become critical. Further the Enlarged Group's ability to obtain, sustain or renew licences and permits and other licences and permits that are required by it on applicable terms is subject to changes in regulations and policies and to the discretion of the applicable governmental authorities.

In particular, the Klinthagen quarry is nearing the end of its current Reserves and its proposed continuing operation and/or expansion is subject to receiving requisite permits and consents. The Miedzianka site, which represents the vast majority of extraction in Poland and generates the most revenues in country, currently has Reserves that are estimated to last six years following recently acquired additional permitting but requires ongoing work for further permitting and expansion.

There is no guarantee that the Enlarged Group will obtain or be granted or retain the requisite planning or permits to carry on its planned operations, which failure could have a material adverse effect on parts of the Enlarged Group's business.

The Enlarged Group is subject to a broad range of laws, regulations and standards

The Enlarged Group will be subject to a broad range of laws, regulations and standards, including those relating to employment, pensions, data protection, land and water use pollution, protection of the public, protection of the environment and the handling of waste materials, mineral production, exports, taxes and other matters.

Future changes in applicable laws, regulations, standards and changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits or agreements applicable to the Enlarged Group or its properties, which could have a material adverse impact on the Enlarged Group's current operations and future projects. In particular, environmental regulations and standards are becoming increasingly stringent. Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the Enlarged Group's activities, the extent of which cannot be predicted and which may well be beyond the capacity of the Enlarged Group to fund.

It is the Enlarged Group's policy to require that all of its subsidiary undertakings, employees, suppliers and sub-contractors comply with applicable laws, regulations and standards. However, violations of such laws, regulations and standards, in particular environmental laws, could result in restrictions on the operations of the Enlarged Group's sites, damages, fines or other sanctions, increased costs of compliance with potential reputational damage and potential loss of future contracts.

The enlarged Group may assume responsibility for restoration costs

Upon cessation of any quarrying operations, the Enlarged Group may assume responsibility for costs associated with restoring the operational sites by taking reasonable and necessary steps in accordance with generally accepted environmental practices. Any environmental permits held by the Enlarged Group may also specify commitments to specific restoration activities on a site. However, some restoration provisions can be advantages to the company, such as restoring excavations as inert landfill sites or tourist/commercial attractions such as water parks or nature reserves.

There is uncertainty as to the impact on the Enlarged Group of government spending

The Enlarged Group will be largely dependent on government spending on improving public infrastructure, buildings and services. Governments may decide to reduce present or future investment in transport, health or other construction projects or other areas in which the Enlarged Group can compete for work to supply building materials to contractors. Any reduction in such investment and funding may have an adverse effect on the Enlarged Group's future revenues and profitability, however the Enlarged group has a diverse portfolio of products, services and customers.

Nordkalk's customers may cease to continue trading with Nordkalk or may reduce their level of demand

Several customers of Nordkalk have contracts which are set to expire, can be terminated, or can be renegotiated in 2021 or 2022. This could impact Nordkalk's revenues and its profitability levels. However, contracts are typically concluded for one or two years and renewed thereafter. Moreover, Nordkalk's top ten customers in terms of turnover only represented 32.7 per cent. of Nordkalk's total revenues in 2019, and this has not changed materially since then. The risk of impact on the Enlarged Group's profitability is therefore fairly low.

The Enlarged Group is active in a competitive industry

The industry in which the Enlarged Group operates is intensely competitive. The Enlarged Group will compete with numerous other local and international companies, including potentially larger competitors with access to greater financial, technical and other resources than the Company, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests and competition could adversely affect the Company's ability to acquire suitable additional assets in the future. The Company's success will depend on its ability to develop the assets of the Enlarged Group and in addition, select and acquire additional targets in accordance with its acquisition strategy and there can be no assurance that the Company will continue to be able to compete successfully with its rivals.

The Enlarged Group is subject to competition law

As part of its due diligence, the Company has become aware that certain clauses which are contained in a very small selection of contracts which members of the Nordkalk Group have entered into may be considered to be anti-competitive. In the event that the relevant Nordkalk entities were found to be in breach of local competition laws, it could result in damages and fines. The Company intends to address the clauses in question following completion of the Acquisition to ensure proper compliance with local law and regulation.

The Enlarged Group is subject to changes in energy prices and costs of raw materials

Raw materials such as cement, bitumen, fuel, utilities and explosives are sourced from other third party suppliers. Raw material can be subject to limited availability and price fluctuation. Factors such as currency fluctuations, production prices, logistics, adverse weather conditions, social instability, and force majeure events have the potential to disrupt, raw material supplies and impact prices of the Enlarged Group's principal sources of raw materials.

Numerous factors could affect product prices, including supply and demand

Market prices of the Enlarged Group's products and services could be affected by numerous factors which are beyond the control of the Enlarged Group, including local demand, national economic and political events, international economic trends, inflation and deflation, currency exchange fluctuation, speculative activity and the political and economic conditions of the jurisdictions in which SigmaRoc operates. The combined effect of these factors is difficult to predict and an investment in the Company could be affected adversely by changes in economic, political, administrative, taxation or other regulatory factors, in any jurisdiction in which the Enlarged Group may operate.

The Enlarged Group is reliant on third parties who may default

The Enlarged Group is reliant on its supply chain, particularly in relation to the supply energy, raw materials and delivery of products to customers. If a contractor or supplier failed financially or was responsible for late or inadequate delivery or poor quality of materials then it could damage the relevant part of the Enlarged Group's reputation and/or cause downtime and/or delays; potentially incurring financial losses to the extent not covered by the Enlarged Group's insurance or the suppliers insurance.

The Board may be unable to find appropriate acquisition targets and/or integrate future acquisitions

The Enlarged Group may acquire other assets if suitable opportunities become available. Any future acquisition poses integration and other risks which may affect the Enlarged Group's results or operations. To the extent that suitable opportunities arise, the Company may seek to expand its business through the identification and acquisition of, or significant investments in, complementary companies, assets, products and services. There can be no assurance that the Company will identify suitable acquisitions or opportunities, obtain the financing necessary to complete and support such acquisitions or acquire businesses on satisfactory terms, or that any business acquired will prove to be profitable. In addition, the acquisition and integration of independent companies can be complex, costly and time-consuming involving a number of possible problems and risks, including possible adverse effects on the Enlarged Group's operating results, diversion of management's attention, failure to retain personnel, failure to maintain customer service levels, disruption to relationships with customers and other third parties, risks associated with unanticipated events or liabilities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired companies. No assurance can be given that the Enlarged Group will be able to manage future acquisitions profitably or to integrate such acquisitions successfully without additional costs, delays or other problems and any failure to achieve successful integration of such acquisitions could have a material adverse effect on the results of operations or financial condition of the Enlarged Group. If the Enlarged Group is unable to attract and retain key officers, managers and technical personnel to adequately effect any such acquisitions and integration, the Enlarged Group's ability to execute its business strategy successfully could be materially and adversely affected. The current Directors and Management team have experience of integration since inception and operate a decentralised model, where often intensive and risky integration of aspects such as IT systems into a single global solution are not required.

The Enlarged Group is dependent on key and skilled personnel

The Enlarged Group's future success is substantially dependent on the continued services and continuing contributions of its directors, senior management and other key personnel. In particular the Enlarged Group is dependent on the continued employment and performance of the Enlarged Group's management team. The loss of the services of any of the Company's executive officers or other key employees could have a material adverse effect on the Enlarged Group's business.

The Enlarged Group's operations require individuals with a high degree of technical and/or professional skills and experienced equipment and quarrying trade professionals. The Enlarged Group may encounter significant competition for qualified management and skilled workers and will be in competition with other quarry operations and other local industries. If the Enlarged Group is unable to attract and retain an adequate number of skilled workers, a decrease in productivity or an increase in costs may have an adverse effect on the Enlarged Group's operations, results and its financial condition.

The Enlarged Group may incur significant costs in the event of unsuccessful transactions

There is a risk that the Enlarged Group may incur substantial legal, financial and advisory expenses arising from unsuccessful transactions which may include public offer and transaction documentation, legal, accounting, operational and other due diligence.

The Company may require future financing

The Company may need to seek additional sources of financing to implement its growth strategy. There can be no assurance that the Company will be able to raise those funds, whether on acceptable terms or at all. Given that the Enlarged Group operates in a sector which has potentially negative impacts upon the environment, investment may be less readily available. If further financing is obtained by issuing new equity securities or convertible debt securities other than on a *pro rata* basis to existing Shareholders, the existing Shareholders may be diluted and the new securities may carry rights, privileges and preferences superior to the Ordinary Shares. The Company may seek further debt finance to fund all or part of any future acquisition. There can be no assurance that the Company will be able to raise those debt funds, whether on acceptable terms or at all. If debt financing is obtained, the Company's ability to raise further finance and its ability to operate its business may be subject to restrictions.

The Company is subject to the risks and liabilities associated with possible accidents, injuries or deaths on its properties

Quarrying, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licences and permits, affect the reputation of the Company and its ability to obtain further licences, damage community relations and reduce the perceived appeal of the Company as an employer. There is no assurance that the Company has been or will at all times be in full compliance with all laws and regulations or hold, and be in full compliance with, all required health and safety permits. The potential costs and delays associated with compliance with such laws, regulations and permits could prevent the Company from proceeding with the development of a project or the operation or further development of a project, and any non-compliance therewith may adversely affect the Company's operations, financial condition and results of operations. Amendments to current laws, regulations and permits governing operations and activities of companies in this sector, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses, capital expenditures or production costs, reduction in levels of production at producing properties, delays in the development of new quarrying properties, or increases in abandonment costs.

The Enlarged Group may become involved in litigation

Whilst the Enlarged Group has no material outstanding litigation, save as disclosed in this Document, there can be no guarantee that the current or future actions of the Enlarged Group will not result in litigation. The quarrying industry, as with all industries, is subject to legal claims, both with and without merit, in particular in relation to environmental and health and safety liability. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have an adverse effect on the Enlarged Group's financial position or results of operations.

The Enlarged Group may have to make claims under its Insurance

The Directors believe that the Enlarged Group has robust, comprehensive and adequate insurance cover but recognise that a claim could be made against a group company which exceeds the limits of insurance cover or is in respect of a matter that is uninsurable. In those circumstances the Enlarged Group could suffer financial loss.

The payment by the Enlarged Group's insurers of any insurance claims may result in increases in the premiums payable by the Enlarged Group for its insurance cover and adversely affect the Enlarged Group's financial performance. In the future, some or all of the Enlarged Group's insurance coverage may become unavailable or prohibitively expensive.

Loss of IT systems and dependence on key software supplier

The Enlarged Group will be dependent on IT systems for the delivery of its business which will be vulnerable to damage or interruption from flood, fire, power loss, telecommunications failure and similar events. Failure of these systems could cause financial loss to the Enlarged Group as well as damage to its brand and reputation. Certain of the Enlarged Group's software is bespoke and the software is not subject to an escrow arrangement. If no such arrangement is put in place and the supplier ceases to support the software, it could have an impact on the Enlarged Group's operations and the Enlarged Group could suffer financial loss.

There may be exchange rate risks

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

GENERAL RISKS

Investment in AIM-listed securities

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List. An investment in the Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their initial investment.

Liquidity

There may not be sufficient liquidity in the market for the Ordinary Shares in order for investors to sell their Ordinary Shares.

The Ordinary Shares will be traded on AIM rather than the Official List. It may be more difficult for an investor to realise his or her investment in an AIM-quoted company than a company whose securities are listed on the Official List. Whilst the Company is applying for the admission of the Enlarged Share Capital to trading on AIM, there can be no assurance that an active trading market will develop, or if developed, that it will be maintained.

AIM is a market for emerging or smaller, growing companies and may not provide the liquidity normally associated with the Official List or other exchanges. The future success of AIM and liquidity in the market for the Ordinary Shares cannot be guaranteed. In particular, the market for the Ordinary Shares may be, or may become, relatively illiquid and therefore the Ordinary Shares may be or may become difficult to sell.

An investment in the Company may not be suitable for all recipients of this document. Accordingly, investors are strongly advised to consult an independent financial adviser authorised for the purposes of FSMA.

Share price volatility

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a range of events and factors, such as variations in operating results, announcements of technological innovations or

new products and services by the Enlarged Group or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Enlarged Group, the general market perception of construction and materials companies, news reports relating to trends in the Enlarged Group's markets, legislative changes in the Enlarged Group's sector, ESG-related investment trends, and other factors outside of the Enlarged Group's control. Such events and factors may adversely affect the trading price of the Ordinary Shares, regardless of the performance of the Enlarged Group. Prospective investors should be aware that the value of the Ordinary Shares could go down as well as up and investors may therefore not recover their original investment especially as the market in the Ordinary Shares may have limited liquidity.

Lock-in and orderly market arrangements

Whilst the Seller has agreed to lock-in and orderly market arrangements in respect of Ordinary Shares held by it, a significant proportion of the Company's Enlarged Share Capital will not be subject to lock-in arrangements and in any event after the existing lock-in and orderly market arrangements cease to apply there will be no contractual restriction on the sale of the Ordinary Shares held by the Seller. Further information on these lock-in and orderly market arrangements is set out in Part II of this document.

Dividends

The payment of dividends will depend on the Enlarged Group's future acquisition strategy and available cash resources. The Company does not have any current intentions to pay out dividends in the short to medium term. The dividend policy set out in paragraph 23 of Part I of this document should not be construed as a dividend forecast. The Company's ability to pay dividends will depend on the level of distributions, if any, received from its operating subsidiaries. There can be no guarantee that the Enlarged Group's objectives will be achieved, and it will depend on the earnings and the Company's financial condition, current and anticipated cash needs and such other factors as the Directors consider appropriate. The Company's subsidiaries may also, from time to time, be subject to restrictions on their ability to make distributions, including any regulatory, fiscal and other restrictions. If a dividend is paid in the future, any change in the tax treatment of dividends or interest received by the Company may reduce the level of yield received by Shareholders.

Share options

As detailed in paragraph 10 of Part VII to this document, the Company has issued share options to, amongst others, certain Directors and employees. The Company may, in the future, issue further share options to subscribe for new Ordinary Shares to certain employees, Directors, senior management and consultants of the Enlarged Group. The exercise of any such share options and any warrants (should any be granted in the future) would result in a dilution of the shareholdings of other investors.

Taxation

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders. Statements in this document concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

Forward looking statements

Historical facts, information gained from historical performance, present facts, circumstances and information and assumptions from all or any of these are not a guide to the future. Statements as to the Enlarged Group's aims, targets, plans and intentions and any other forward looking statement referred to or contained herein are no more than that and do not comprise forecasts. Any such forward looking statements are based on assumptions and estimates and involve risks, uncertainties and other factors which may cause the actual results, outcome, financial condition, performance, achievements or findings of the Enlarged Group to be materially different from any future results, performances or achievements expressed or implied by such forward looking statements.

It should be noted that the factors listed above are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Enlarged Group is or may be exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in

market and/or economic conditions, political, judicial, and administrative factors and in legal, accounting, regulatory and tax requirements in the areas in which it operates and holds its major assets. There may be additional risks and uncertainties that the Directors do not currently consider to be material or of which they are currently unaware which may also have an adverse effect upon the Enlarged Group.

If any of the risks referred to in this Part III crystallise, the Enlarged Group's business, financial condition, results or future operations could be materially adversely affected. In such case, the price of its Ordinary Shares could decline and investors may lose all or part of their investment.

PART IV

HISTORICAL FINANCIAL INFORMATION ON THE COMPANY INCORPORATED BY REFERENCE

The Company's audited financial information for the financial year ended 31 December 2020, the financial year ended 31 December 2019 and the financial year ended 31 December 2018 can be viewed on the Company's website at the links below and is incorporated by reference in this document.

Financial information

Link

The Company's audited results for the year ended 31 December 2020

<https://sigmaroc.com/wp-content/uploads/SigmaRocAnnualReport2020.pdf>

The Company's audited results for the year ended 31 December 2019

<https://sigmaroc.com/wp-content/uploads/annual-report-2019.pdf>

The Company's audited results for the year ended 31 December 2018

<https://sigmaroc.com/wp-content/uploads/FY-2018-results.pdf>

Shareholders or other recipients of this document may request a hard copy of the above information incorporated by reference from the Company by emailing ir@sigmaroc.com.

A hard copy of the information incorporated by reference will not be sent to Shareholders or other recipients of this document unless requested.

There is no other information incorporated in the document by reference.

PART V

EXTRACTED HISTORICAL FINANCIAL INFORMATION ON NORDKALK

Set out below is extracted financial information of the Nordkalk Group ("Nordkalk") which has been taken or derived without adjustment, other than those described in the notes, from the audited financial statements of Nordkalk as of and for the fiscal years ended December 31, 2020, 2019 and 2018, and converted into Sterling at the following rates of exchange:

<i>GBP:EUR</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Period average	1.130	1.140	1.125
Period end rate	1.113	1.175	1.110

The audited financial statements as of and for the fiscal years ended December 31, 2020, 2019 and 2018 have been prepared in accordance with IFRS (as adopted by the EU) and have been audited in accordance with International Standards on Auditing by KPMG Oy Ab ("KPMG"), who issued an unqualified audit opinion thereon.

An other emphasis of matter paragraph was included in the KPMG's audit report for the fiscal year ended 2020, drawing the reader's attention to the basis of preparation as being prepared for the parent company's IFRS reporting and are separate from the financial statement required to be filed at the Finnish Trade Register for Nordkalk Oy Ab.

Further, an emphasis of matter, similar to the one included in the 2020 auditor's report, has been included in KPMG's audit report for 2019 and 2018.

Unless otherwise indicated, all financial data presented in the text and tables in this section of the Admission Document is shown in Pounds (£). Financial information presented in parentheses denotes the negative of such number presented. A dash ("—") signifies that the relevant figure is not available, while a zero ("0") or nil signifies that the relevant figure is available but has been rounded to zero.

The following extracted financial information should be read in conjunction with Part III, Risk Factors and the audited historical financial statements as of and for the fiscal years ended December 31, 2020, 2019 and 2018, and the related notes therein, as included in the Appendix to this document.

CONSOLIDATED INCOME STATEMENTS

For the periods

	<i>Year ended 31 December 2020 £</i>	<i>Year ended 31 December 2019 £</i>	<i>Year ended 31 December 2018 £</i>
Revenue	259,722,667	260,744,197	275,823,265
Cost of sales	(179,180,604)	(195,613,019)	(208,491,185)
Profit from operations	<u>80,542,063</u>	<u>65,131,178</u>	<u>67,332,080</u>
Administrative expenses	(41,180,285)	(45,624,736)	(45,122,301)
Net finance expense	(3,536,000)	(4,883,845)	(2,835,746)
Other gains/ (losses)	715,556	1,178,648	2,669,466
Profit before tax	<u>36,541,334</u>	<u>15,801,245</u>	<u>22,043,499</u>
Tax expense	(4,155,556)	(2,635,295)	(3,301,330)
Profit after tax	<u>32,385,778</u>	<u>13,165,950</u>	<u>18,742,169</u>
Profit attributable to:			
Owners of the parent	29,712,656	10,714,714	16,055,479
Non-controlling interests	2,673,122	2,451,236	2,686,690
	<u>32,385,778</u>	<u>13,165,950</u>	<u>18,742,169</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the periods

	<i>Note</i>	<i>Year ended 31 December 2020 £</i>	<i>Year ended 31 December 2019 £</i>	<i>Year ended 31 December 2018 £</i>
Profit		<u>32,385,778</u>	<u>13,165,950</u>	<u>18,742,169</u>
Other comprehensive income:				
Items that will never be reclassified to profit or loss:				
Re-measurement of defined benefit asset		(48,000)	(162,239)	(39,548)
Related tax		8,000	35,079	8,988
Items that will or may be reclassified to profit or loss:				
Foreign currency translation differences		(4,560,000)	(314,833)	(3,255,670)
Equity accounted investees – share of other comprehensive income		–	117,514	421,542
Cash flow hedges – effective portion of changes in fair value		528,889	207,842	3,491,877
Cash flow hedges – reclassified to profit or loss		(552,889)	(3,031,685)	(345,143)
Related tax		221,333	582,307	(649,839)
		<u>(4,402,667)</u>	<u>(2,566,015)</u>	<u>(367,793)</u>
Total comprehensive income		<u>27,983,111</u>	<u>10,599,935</u>	<u>18,374,376</u>
Total comprehensive income attributable to:				
Owners of the parent		25,310,222	8,148,804	15,687,832
Non-controlling interests		2,672,889	2,451,131	2,686,544
		<u>27,983,111</u>	<u>10,599,935</u>	<u>18,374,376</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at

	<i>Year ended 31 December 2020 £</i>	<i>Year ended 31 December 2019 £</i>	<i>Year ended 31 December 2018 £</i>
Non-current assets			
Property, plant and equipment	137,995,495	146,441,123	149,861,410
Intangible assets	8,304,505	2,718,915	3,421,384
Investment in equity-accounted associates	4,961,261	4,319,978	3,800,161
Other receivables	563,063	530,852	553,121
Deferred tax asset	2,545,946	2,714,661	2,874,458
	<u>154,370,270</u>	<u>156,725,529</u>	<u>160,510,534</u>
Current assets			
Trade and other receivables	42,021,622	59,080,248	72,941,151
Inventories	35,569,369	34,747,833	38,199,853
Cash and cash equivalents	30,952,252	9,055,109	7,695,017
	<u>108,543,243</u>	<u>102,883,190</u>	<u>118,836,021</u>
	<u>262,913,513</u>	<u>259,608,719</u>	<u>279,346,555</u>
Current liabilities			
Borrowings	79,936,036	86,572,253	96,562,509
Derivative financial liability	1,408,108	238,203	430,107
Trade and other payables	53,939,640	50,445,397	52,055,309
Current tax payable	371,171	371,767	(303,553)
	<u>135,654,955</u>	<u>137,627,620</u>	<u>148,744,372</u>
Non-current liabilities			
Borrowings	17,776,577	20,445,456	17,344,099
Deferred tax liabilities	5,881,081	5,783,224	7,588,818
Provisions	6,324,324	8,165,250	8,595,940
	<u>29,981,982</u>	<u>34,393,931</u>	<u>33,528,857</u>
	<u>165,636,937</u>	<u>172,021,550</u>	<u>182,273,229</u>
Net assets	<u>97,276,576</u>	<u>87,587,169</u>	<u>97,073,326</u>
Equity attributable to owners of the parent			
Share capital	884,993	884,993	884,993
Invested unrestricted equity fund	39,114,414	33,760,992	34,281,987
Other reserves	(9,493,293)	(5,599,847)	(2,911,230)
Retained earnings	<u>56,870,462</u>	<u>49,249,419</u>	<u>54,886,180</u>
Total equity attributable to owners of the parent	<u>87,376,576</u>	<u>78,295,557</u>	<u>87,141,930</u>
Non-controlling interest	9,900,000	9,291,612	9,931,396
Total equity	<u>97,276,576</u>	<u>87,587,169</u>	<u>97,073,326</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £	Invested unrestricted equity fund £	Other reserves £	Retained Earnings £	Total £	Non- controlling interest £	Total £
Balance as at 1 January 2018		884,993	33,537,708	(2,284,166)	52,047,342	84,185,877	9,630,498	93,816,375
Profit		-	-	-	16,055,479	16,055,479	2,686,690	18,742,169
Other comprehensive income		-	-	2,918,113	(30,090)	2,888,023	-	2,888,023
Currency translation differences		-	-	(3,255,670)	-	(3,255,670)	(146)	(3,255,816)
Total comprehensive income for the period		-	-	(337,557)	16,025,389	15,687,832	2,686,544	18,374,376
Contributions by and distributions to owners								
Share based payments		-	744,279	-	-	744,279	-	744,279
Dividends		-	-	-	(7,876,441)	(7,876,441)	(2,601,880)	(10,478,321)
Other equity adjustment		-	-	(289,507)	(5,310,110)	(5,599,617)	216,234	(5,383,383)
Total contributions by and distributions to owners		-	744,279	(289,507)	(13,186,551)	(12,731,779)	(2,385,646)	(15,117,425)
Balance as at 31 December 2018		884,993	34,281,987	(2,911,230)	54,886,180	87,141,930	9,931,396	97,073,326
Balance as at 1 January 2019		884,993	34,281,987	(2,911,230)	54,886,180	87,141,930	9,931,396	97,073,326
Profit		-	-	-	10,714,713	10,714,713	2,451,236	13,165,949
Other comprehensive income		-	113,997	(2,237,912)	(127,161)	(2,251,076)	-	(2,251,076)
Currency translation differences		-	-	(314,833)	-	(314,833)	(105)	(314,938)
Total comprehensive income for the period		-	113,997	(2,552,745)	10,587,552	8,148,804	2,451,131	10,599,935
Contributions by and distributions to owners								
Share based payments		-	545,314	-	-	545,314	22,970	568,284
Dividends		-	-	-	(9,390,294)	(9,390,294)	(2,501,129)	(11,891,423)
Other equity adjustment		-	(1,180,306)	(135,872)	(6,834,019)	(8,150,197)	(612,756)	(8,762,953)

	Note	Share capital £	Invested unrestricted equity fund £	Other reserves £	Retained Earnings £	Total £	Non- controlling interest £	Total £
Total contributions by and distributions to owners								
Balance as at 31 December 2019								
Balance as at 1 January 2020								
Profit		–	(634,992)	(135,872)	(16,224,313)	(16,995,177)	(3,090,915)	(20,086,095)
Other comprehensive income		884,993	33,760,992	(5,599,847)	49,249,419	78,295,557	9,291,612	87,587,169
Currency translation differences		884,993	33,760,992	(5,599,847)	49,249,419	78,295,557	9,291,612	87,587,169
Total comprehensive income for the period		–	–	–	29,712,656	29,712,656	2,673,122	32,385,778
		–	–	157,566	–	157,566	–	157,566
		–	–	(4,560,000)	–	(4,560,000)	(233)	(4,560,233)
		–	–	(4,402,434)	29,712,656	25,310,222	2,672,889	27,983,111
Contributions by and distributions to owners								
Share based payments		–	1,347,748	–	–	1,347,748	–	1,347,748
Dividends		–	–	–	(11,734,234)	(11,734,234)	(2,501,129)	(14,235,363)
Other equity adjustment		–	4,005,674	508,988	(10,357,379)	(5,842,717)	436,628	(5,406,089)
Total contributions by and distributions to owners		–	5,353,422	508,988	(22,091,613)	(16,229,203)	(2,064,501)	(18,293,704)
Balance as at 31 December 2020		884,993	39,114,414	(9,493,293)	56,870,462	87,376,576	9,900,000	97,276,576

CONSOLIDATED CASH FLOW STATEMENTS

For the periods

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Cash flows from operating activities				
Profit		32,385,778	13,165,950	18,742,169
<i>Adjustments for:</i>				
Depreciation and amortisation		21,584,889	22,386,410	21,034,854
Impairment		–	14,908	192,345
Other expenses		–	(2,116,129)	–
Gain on disposal of property plant and equipment		(105,778)	(420,069)	(447,607)
Net finance expense		(3,243,279)	(3,709,593)	(3,726,772)
Share of earnings from associate		(607,111)	(403,406)	(421,542)
Increase/(decrease) in trade and other receivables		6,848,649	(1,930,293)	(69,914)
Increase/(decrease) in inventories		1,427,928	1,603,615	(1,842,556)
Increase/(decrease) in trade and other payables		(5,990,991)	423,661	700,915
Increase/(decrease) in provisions		(1,381,982)	350,992	(1,559,358)
Income tax expense		3,913,000	2,635,295	3,301,330
Net cash flows from operating activities		<u>54,831,103</u>	<u>32,001,341</u>	<u>35,903,864</u>
Investing activities				
Purchase of property, plant and equipment		(11,178,378)	(15,132,683)	(20,264,578)
Sale of property, plant and equipment		214,414	173,359	1,055,598
Net cash used in investing activities		<u>(10,963,964)</u>	<u>(14,959,324)</u>	<u>(19,208,980)</u>
Financing activities				
Proceeds from borrowings		8,585,586	21,427,192	3,680,687
Repayment of borrowings		(12,183,784)	(20,219,164)	(3,528,468)
Dividends paid		(14,235,363)	(11,891,423)	(10,478,321)
Group contribution		(5,102,475)	(4,678,984)	(5,363,059)
Net cash used in financing activities		<u>(22,936,036)</u>	<u>(15,362,379)</u>	<u>(15,689,161)</u>
Net increase in cash and cash equivalents		<u>20,931,103</u>	<u>1,679,638</u>	<u>1,005,723</u>
Cash and cash equivalents at beginning of period		<u>9,055,109</u>	<u>7,695,017</u>	<u>6,903,153</u>
Exchange differences on cash and cash equivalents		966,040	(319,546)	(213,859)
Cash and cash equivalents and end of period	20	<u>30,952,252</u>	<u>9,055,109</u>	<u>7,695,017</u>

NOTES TO THE EXTRACTED FINANCIAL INFORMATION

1. General Information

The principal activity of Nordkalk Oy Ab and its subsidiaries (together the 'Nordkalk Group') is the production of high quality limestone based products in Northern Europe. The Company is incorporated and domiciled in Pargas, Finland. The address of its registered office is Skräbbölevägen 18, FI-21600, Pargas, Finland.

2. Accounting policies and basis of preparation

The principal accounting policies applied in the preparation of this extracted financial information are as set out in the audited financial statements of Nordkalk set out in the Appendix to this document. These Policies have been consistently applied to all the periods presented, unless otherwise stated.

The extracted financial information has been prepared for the sole purpose of publication within this Admission Document. The extracted financial information has been derived from the audited financial statements set out in the Appendix to this document without adjustments, with the exception of certain reclassifications to bring the presentation of the information in line with the presentation of SigmaRoc plc, and converting from Euros to GBP at the following rates:

<i>GBP:EUR</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Period average	1.130	1.140	1.125
Period end rate	1.113	1.175	1.110

The functional currency of the Nordkalk Group is Euros as the majority of revenue and costs are incurred in Euros. The extracted financial information is presented in UK Pounds Sterling rounded to the nearest pound.

PART VI

UNAUDITED PROFORMA STATEMENT OF NET ASSETS AND INCOME STATEMENT OF THE ENLARGED GROUP

SECTION I

PRO FORMA NET ASSETS

Set out below is an unaudited pro forma statement of net assets of SigmaRoc plc ("the Company") and the Nordkalk Group ("Nordkalk") (together "the Enlarged Group"). The unaudited pro forma statement of net assets has been prepared on the basis set out in the notes below to illustrative the impact of the Placing, Acquisition and Admission as if it had occurred on 31 December 2020.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only, and by its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group's actual financial position or results.

The unaudited pro forma statement of net assets is based on the audited net assets of the Company and Nordkalk as at 31 December 2020. No adjustments have been made to take account of trading, expenditure or other movements subsequent to 31 December 2020, being the date of the last published balance sheets of the Company and Nordkalk.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the Companies Act. Investors should read the whole of this Admission Document and not rely solely on the summarised financial information contained in this Part VI.

	<i>The Company Net assets as at 31 December 2020 (Note 1) £'000</i>	<i>Nordkalk Net assets as at 31 December 2020 (Note 2) £'000</i>	<i>(Note 3) £'000</i>	<i>(Note 4) £'000</i>	<i>(Note 5) £'000</i>	<i>Pro forma net assets at 31 December 2020 £'000</i>
Assets						
Non-current assets						
Property, plant and equipment	144,793	137,995	–	(26,396)	–	256,392
Intangible assets	48,804	8,305	–	–	267,358	324,467
Investment in associates	–	4,961	–	–	–	4,961
Investment in subsidiaries	–	–	405,000	–	(405,000)	–
Other receivables	21	563	–	–	–	584
Deferred tax assets	1,412	2,546	–	–	–	3,958
	<u>195,030</u>	<u>154,370</u>	<u>405,000</u>	<u>(26,396)</u>	<u>(137,642)</u>	<u>590,362</u>
Current assets						
Cash and cash equivalents	27,452	30,952	8,700	(30,952)	–	36,152
Inventories	14,247	35,569	–	–	–	49,816
Trade and other receivables	20,343	42,022	–	–	–	62,365
Derivative financial asset	152	–	–	–	–	152
	<u>62,194</u>	<u>108,543</u>	<u>8,700</u>	<u>(30,952)</u>	<u>–</u>	<u>148,485</u>
Total assets	<u>257,224</u>	<u>262,913</u>	<u>413,700</u>	<u>(57,348)</u>	<u>(137,642)</u>	<u>738,847</u>
Liabilities						
Non-current liabilities						
Borrowings	67,688	17,777	114,000	(17,777)	–	181,688
Provisions	6,160	6,324	–	–	–	12,484
Deferred tax liabilities	3,871	5,881	–	–	–	9,752
	<u>77,719</u>	<u>29,982</u>	<u>114,000</u>	<u>(17,777)</u>	<u>–</u>	<u>203,924</u>
Current liabilities						
Borrowings	3,611	79,937	15,000	(79,937)	–	18,611
Derivative financial liability	–	1,408	–	–	–	1,408
Trade and other payables	51,623	53,939	–	–	–	105,562
Income tax payable	707	371	–	–	–	1,078
	<u>55,941</u>	<u>135,655</u>	<u>15,000</u>	<u>(79,937)</u>	<u>–</u>	<u>126,659</u>
Total liabilities	<u>133,660</u>	<u>165,637</u>	<u>129,000</u>	<u>(97,714)</u>	<u>–</u>	<u>330,583</u>
Total assets less total liabilities	<u>123,564</u>	<u>97,276</u>	<u>284,700</u>	<u>40,366</u>	<u>(137,642)</u>	<u>408,264</u>

Notes

The pro forma statement of net assets has been prepared on the following basis:

1. The audited net assets of the Company as at 31 December 2020 have been extracted without adjustment from the audited financial statements, a hyperlink of which is set out in Part IV of this document.

2. The audited net assets of Nordkalk as at 31 December 2020 have been extracted without adjustment from the 2020 audited financial statements included in the Appendix to this document and converted from Euro to GBP at the closing rate on 31 December 2020 of 1.11.
3. Adjustments have been made to reflect:
 - 3.1 Consideration for the acquisition in Nordkalk for £405 million (€470 million) consisting of £362 million (€420 million) cash consideration and £43 million (€50 million) Consideration Shares;
 - 3.2 assumed £259 million gross cash proceeds from the Placing;
 - 3.3 £129 million cash drawdown under the New Facility;
 - 3.4 payment in cash of estimated fundraise costs of approximately £7.7 million; and
 - 3.5 payment in cash of Admission and associated transaction costs estimated at approximately £9.5 million.
4. Adjustments have been made to reflect pre-acquisition Seller transactions in Nordkalk as follows:
 - 4.1 Impair or convert to equity approximately £96 million in related party loans to Nordkalk by the Seller;
 - 4.2 Reclassify approximately £26.4 million of historical goodwill from property, plant and equipment to intangible assets; and
 - 4.3 Remove cash and borrowings in Nordkalk in accordance with the cash free, debt free terms of the Nordkalk Share Purchase Agreement.
5. A pro forma adjustment has been made to reflect the initial accounting for the acquisition of Nordkalk by the Company, being the elimination of the investment in Nordkalk against the non-monetary assets acquired and recognition of goodwill. The Company will need to determine the fair value of the net assets acquired pursuant to the Acquisition within 12 months of the acquisition date in accordance with IFRS 3. This process, known as a Purchase Price Allocation exercise may result in reduction of goodwill, which may be material. The Purchase Price Allocation process will require a valuation of identifiable intangible assets acquired. The approach adopted by the Directors of the Company is permissible and appropriate.
6. No adjustments have been made to reflect the trading or other transactions, other than described above of:
 - 6.1 the Company since 31 December 2020; and
 - 6.2 Nordkalk since 31 December 2020.
7. The pro forma statement of net assets does not constitute financial statements.

SECTION II

PRO FORMA INCOME STATEMENT

Set out below is an unaudited pro forma income statement of SigmaRoc plc (“the Company”) and the Nordkalk Group (“Nordkalk”) (together “the Enlarged Group”) which has been prepared for illustrative purposes only to show the effect of the Placing and Acquisition as if it had occurred on 1 January 2020.

The unaudited pro forma income statement has been prepared for illustrative purposes only, and by its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group’s actual financial position or results.

The unaudited pro forma income statement is based on the results of the Company and Nordkalk for the year ended 31 December 2020. No adjustments have been made to take account of trading, expenditure or other movements subsequent to 31 December 2020, being the date of the last published balance sheets of the Company and Nordkalk.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the Companies Act. Investors should read the whole of this Admission Document and not rely solely on the summarised financial information contained in this Part V.

	<i>The Company Income statement for the year ended 31 December 2020 (Note 1) £'000</i>	<i>Nordkalk Income statement for the year ended 31 December 2020 (Note 2) £'000</i>	<i>(Note 3) £'000</i>	<i>(Note 4) £'000</i>	<i>(Note 5) £'000</i>	<i>Pro forma income statement for the year ended 31 December 2020 £'000</i>
Continued operations						
Revenue	124,231	259,723	–	–	–	383,954
Cost of sales	(91,836)	(179,180)	2,213	(1,040)	–	(269,843)
Profit from operations	32,395	80,543	2,213	(1,040)	–	114,111
Administrative expenses	(22,460)	(40,988)	–	–	(9,500)	(72,948)
Net finance expense	(2,739)	(3,536)	–	(1,759)	–	(8,034)
Share of earnings from associates	294	607	–	–	–	901
Other net losses	(317)	(84)	–	–	–	(401)
Profit before tax	7,173	36,542	2,213	(2,799)	(9,500)	33,629
Tax expense	(662)	(4,156)	–	–	(2,400)	(7,218)
Profit after tax	6,511	32,386	2,213	(2,799)	(11,900)	26,411
Profit attributable to:						
Owners of the parent	6,511	29,713	2,213	(2,799)	(11,900)	23,738
Non-controlling interests	–	2,673	–	–	–	2,673
	6,511	32,386	2,213	(2,799)	(11,900)	26,411

Notes

The pro forma income statement has been prepared on the following basis:

1. The audited income statement of the Company for the year ended 31 December 2020 has been extracted without adjustment from the financial statements, a hyperlink of which is set out in Part IV of this document.
2. The audited income statement of Nordkalk for the year ended 31 December 2020 has been extracted without adjustment from the 2020 KPMG Financial Statements included in the Appendix to this document and converted to GBP at the average rate of 1.125.

3. An adjustment has been made to eliminate amortisation of historical goodwill recognised in Nordkalk under property, plant & equipment which will be transferred to intangibles pre-acquisition.
4. Adjustments have been made to reflect:
 - 4.1 Elimination of Nordkalk finance costs of £2.4 million which arise from an intercompany loan from the existing parent company;
 - 4.2 Elimination of SigmaRoc finance costs of £0.9 million on its current facility;
 - 4.3 Addition of pro forma finance costs for the enlarged group of £5.1 million; and
 - 4.4 Addition of amortisation of capitalised finance charges of £1 million.
5. Adjustments have been made to reflect additional corporate tax charges estimated in Nordkalk of £2.4 million. There is an increase in tax charges as the Enlarged Group will not have access to the group contributions which is a tax measure previously used by Nordkalk in Finland to share profits between domestic entities which mitigated the taxable profits in Nordkalk.
6. An adjustment has been made to include £9.5m transaction fees incurred as part of the Acquisition.
7. No adjustments have been made to reflect the trading or other transactions, other than described above of:
 - 7.1 the Company since 31 December 2020; and
 - 7.2 Nordkalk since 31 December 2020.
8. The pro forma income statement does not constitute financial statements.

PART VII

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

The Directors, whose names and functions are set out in paragraph 20 of Part I of this document, and the Company accept responsibility, both individually and collectively, for all the information contained in this document, and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. THE COMPANY

- 2.1 The Company was incorporated and registered in England and Wales on 12 August 2004 under the Companies Act 1985 as a public limited company with the name RTI Eighteen plc and registered number 05204176. The Company changed its name to Telemesssage International plc on 6 July 2005, to Messaging International plc on 12 July 2005 and subsequently to SigmaRoc plc on 23 August 2016.
- 2.2 The liability of the Company's members is limited to the amount, if any, unpaid on the Ordinary Shares.
- 2.3 The principal legislation under which the Company operates is the Act and regulations made thereunder. The Ordinary Shares have been created under the Act.
- 2.4 The Company's registered office is located at 7-9 Swallow Street, London W1B 4DE and its principal place of business is located at 56 Queen Anne Street, London W1G 8LA. The telephone number of the Company's registered office and principal place of business is +44(0)207 002 1080. The Company is domiciled in the UK.
- 2.5 Other than the Board, the Company has the Remuneration Committee, the Audit Committee, the Nominations Committee and the AIM and UK MAR Compliance Committee.
- 2.6 The Company's principal activity is currently to act as the holding company of the Existing Group. The Company's principal activity following Admission will be to act as the holding company of the Enlarged Group.

3. THE ENLARGED GROUP

- 3.1 As at the date of this document, the Company is the ultimate holding company of the following subsidiaries (held directly or indirectly) (not including dormant subsidiaries):

<i>Name</i>	<i>Country of Incorporation</i>	<i>Registered Office</i>	<i>Principal Activity</i>	<i>Ownership Interest</i>
GDH (Holdings) Limited	Wales	Rowlands View, Templeton, Narberth, SA67 8RG	Construction materials	100 per cent. (direct)
Gerald D. Harries & Sons Limited	Wales	Rowlands View, Templeton, Narberth, SA67 8RG	Construction materials	100 per cent. (indirect)
SigmaFin Limited	England	7-9 Swallow Street, London, England, W1B 4DE	Holding company	100 per cent. (direct)

<i>Name</i>	<i>Country of Incorporation</i>	<i>Registered Office</i>	<i>Principal Activity</i>	<i>Ownership Interest</i>
SigmaGsy Limited	Guernsey	Les Vardes Quarry, St Sampson, Guernsey GY2 4TF	Shipping logistics	100 per cent. (indirect)
Ronez Limited	Jersey	Ronez Quarry, La Route Du Nord, St. John, Jersey JE4 3AR	Construction materials	100 per cent. (indirect)
Pallot Tarmac (2002) Limited	Jersey	Ronez Quarry, La Route Du Nord, St. John, Jersey JE4 3AR	Road contracting services	100 per cent.
Island Aggregates Limited	Guernsey	Les Vardes Quarry, St Sampson, Guernsey GY2 4TF	Waste recycling	65 per cent. (indirect)
Topcrete Limited	England	35 Willow Lane, Mitcham, England, CR4 4NA	Holding company	100 per cent. (indirect)
Allen (Concrete) Limited	England	35 Willow Lane, Mitcham, England, CR4 4NA	Pre-cast concrete producer	100 per cent. (indirect)
Foelfach Stone Limited	England	7-9 Swallow Street, London, England, W1B 4DE	Construction materials	100 per cent. (indirect)
CCP Building Products Limited	England	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL	Construction materials	100 per cent. (direct)
CCP Aggregates Limited	England	Llay Road, Llay, Wrexham, Clwyd, LL12 0TL	Construction materials	100 per cent. (indirect)
Poundfield Products (Group) Limited	England	The Grove, Creting St. Peter, Ipswich, England, IP6 8QG	Holding company	100 per cent. (direct)
Poundfield Products (Holdings) Limited	England	The Grove, Creting St. Peter, Ipswich, England, IP6 8QG	Holding company	100 per cent. (indirect)
Poundfield Precast Limited	England	The Grove, Creting St. Peter, Ipswich, England, IP6 8QG	Pre-cast concrete producer	100 per cent. (indirect)
Poundfield Innovations Limited	England	The Grove, Creting St. Peter, Ipswich, England, IP6 8QG	Patents & licensing	100 per cent. (indirect)
CDH Management 2 SPRL	Belgium	Rue de Cognebeau 245, B-7060 Soignies, Belgium	Holding company	100 per cent. (direct)

<i>Name</i>	<i>Country of Incorporation</i>	<i>Registered Office</i>	<i>Principal Activity</i>	<i>Ownership Interest</i>
CDH Développement SA	Belgium	Rue de Cognebeau 245, B-7060 Soignies, Belgium	Holding company	100 per cent. (indirect)
Carrières du Hainaut SA	Belgium	Rue de Cognebeau 245, B-7060 Soignies, Belgium	Construction materials	100 per cent. (indirect)
Granulats du Hainaut SA	Belgium	Rue de Cognebeau 245, B-7060 Soignies, Belgium	Construction materials	100 per cent. (indirect)
B-MIX Beton NV	Belgium	Kanaalweg 110, B-3980 Tessenderlo, Belgium	Construction materials	100 per cent. (direct)
J & G Overslag- en Kraanbedrijf BV	Belgium	Kanaalweg 110, B-3980 Tessenderlo, Belgium	Construction materials	100 per cent. (direct)
Top Pumping NV	Belgium	Kanaalweg 110, B-3980 Tessenderlo, Belgium	Construction materials	100 per cent. (direct)
Stone Holding Company SA	Belgium	Avenue Louise 292, BE-1050 Ixelles, Belgium	Construction materials	100 per cent. (direct)
Cuvelier Philippe SA	Belgium	Avenue Louise 292, BE-1050 Ixelles, Belgium	Construction materials	100 per cent. (indirect)

3.2 On Admission, the Company will be the holding company of the following additional subsidiaries (held directly or indirectly):

<i>Name</i>	<i>Country of Incorporation</i>	<i>Registered Office</i>	<i>Principal Activity</i>	<i>Ownership Interest</i>
Nordkalk Oy Ab	Finland	Skräbbölevägen 18, FI-21600, Pargas, Finland	Quarrying of limestone, production of limestone-based products Holding company of subsidiaries	100 per cent. (direct)
Nordkalk AB	Sweden	Kungsgatan 56, 2 tr, SE-11122, Stockholm, Sweden	Quarrying and production of limestone and lime products	100 per cent. (indirect)
Kalkproduktion Storugns Ab	Sweden	Lärbro Storugns 2741, 624 53, Lärbro, Sweden	Production of quicklime	66.7 per cent. (indirect)
Nordkalk AS	Estonia	Lõõtsa 1A, 11415, Tallinn, Estonia	Quarrying and production of limestone and lime products	100 per cent. (indirect)

<i>Name</i>	<i>Country of Incorporation</i>	<i>Registered Office</i>	<i>Principal Activity</i>	<i>Ownership Interest</i>
Nordkalk GmbH	Germany	Innungsstraße 7, 21244, Buchholz, Germany	Sales of limestone and lime products	100 per cent. (indirect)
Nordkalk Ukraine TOV	Ukraine	Halytska vulytsya 10, 76018 Ivano-Frankivsk, Ukraine	Sales of limestone and lime products	91.7 per cent. (indirect)
NK Prykarpattya TOV	Ukraine	Galytska st. 7, 76000, Ivano-Frankivsk, Ukraine	Sales of limestone and lime products	91.7 per cent. (100 per cent. ownership by Nordkalk Ukraine TOV)
Nordkalk Sp. Z o.o	Poland	21 Plac na Groblach, 31-101 Cracow, Poland	Quarrying and production of limestone and lime products	100 per cent. (indirect)
Suomen Karbonaati Oy (joint venture)	Finland		Manufacture and marketing of products	51 per cent. (indirect)
NKD Holding Oy (joint venture)	Finland		Holding company	51 per cent. (indirect)
Nordeka Maden A.S (joint venture)	Turkey		Quarrying	51 per cent. (100 per cent. ownership by NKD Holding Oy)
Norfrakalk AS (joint venture)	Norway		Production of calcinated products	50 per cent. (indirect)

3.3 In addition, on Admission, the Company will own the following interests in the following joint-ventures (held indirectly):

<i>Name</i>	<i>Country of Incorporation</i>	<i>Registered Office</i>	<i>Principal Activity</i>	<i>Ownership Interest</i>
Movab AB	Sweden		Specialising in environmental liming of lakes, wetlands, watercourses and after-treatment of opencast lakes and sand reservoirs in the mining industry	19.5 per cent. (indirect)
Movab-D GmbH	Germany		End-to-end engineering services for treating inland waters	5.79 per cent. (29.7 per cent. participation through Movab AB)

<i>Name</i>	<i>Country of Incorporation</i>	<i>Registered Office</i>	<i>Principal Activity</i>	<i>Ownership Interest</i>
Verdalskalk AS	Norway		Quarrying and production of limestone and lime products	10 per cent. (indirect)

4. SHARE CAPITAL

- 4.1 The issued, fully paid, share capital of the Company as at 15 July 2021 (being the latest practicable date before publication of this document) was as follows:

	<i>Number</i>	<i>Nominal Value</i>
Existing Ordinary Shares	279,876,576	£2,798,765.76
Deferred Shares	761,679,142	£761,679.14

- 4.2 The Company does not hold any Ordinary Shares in treasury.

- 4.3 The changes to the issued share capital of the Company which occurred between 1 January 2018 and the date of this document are as follows:

- (a) on 23 January 2019, the Company redeemed the £10 million unsecured convertible loan notes at a price of £1.05 per note;
- (b) on 25 January 2019, the Company issued 30,257,053 new Ordinary Shares;
- (c) on 15 April 2019, the Company awarded:
 - (i) 3,350,387 options over Ordinary Shares in the capital of the Company to several senior managers pursuant to the share option plans adopted on 14 December 2016. The options vested immediately, and expire on 5 January 2022; and
 - (ii) 9,656,934 options over Ordinary Shares to members of senior staff, vesting over three years in equal tranches and expiring on 16 April 2026.
- (d) on 15 October 2019, the Company issued 79,921,640 Ordinary Shares;
- (e) on 31 December 2019, the Company awarded a total of 8,000,000 new options over Ordinary Shares in the capital of the Company to Board members and senior management personnel, vesting over three years in equal tranches and expiring on 30 December 2026;
- (f) on 9 December 2020, the Company issued 24,312,737 Ordinary Shares;
- (g) on 30 April 2021, the Company issued 1,059,346 Ordinary Shares pursuant to warrant and option exercise notices; and
- (h) on 13 May 2021, the Company issued 78,044 Ordinary Shares pursuant to warrant exercise notices.

- 4.4 Save as disclosed in this Part VII:

- (a) no share or loan capital of the Company has been issued or is proposed to be issued;
- (b) there are no Ordinary Shares in the Company not representing capital;
- (c) there are no shares in the Company held by or on behalf of the Company itself;
- (d) there are no outstanding convertible securities, exchangeable securities or securities with warrants issued by the Company;
- (e) there are no acquisition rights and/or obligations over authorised but unissued share capital of the Company and the Company has made no undertaking to increase its share capital; and
- (f) no share or loan capital of the Company is under option and the Company has not agreed conditionally or unconditionally to put any share or loan capital of the Company under option.

5. SECURITIES BEING ADMITTED

- 5.1 The Ordinary Shares are ordinary shares of one penny each in the capital of the Company, issued in British Pounds Sterling.
- 5.2 The International Security Identification Number (ISIN) of the new Ordinary Shares is GB00BYX5K988 and the Stock Exchange Daily Official List (SEDOL) number is BYX5K98.
- 5.3 The Ordinary Shares are in registered form. They are capable of being held in certificated form or in uncertificated form in CREST. The Company's register of members will be kept by Euroclear, the operator of the CREST system and the Company's registrars, Link Group.
- 5.4 The voting rights and dividend attaching to the Ordinary Shares are set out in paragraphs 8.2 and 8.13 of this Part VII.
- 5.5 Section 561 of the Act gives the Shareholders rights of pre-emption in respect of allotments of securities which are or are able to be paid up in cash (other than by way of allotments to employees pursuant to an employee share scheme as defined under section 1166 of the Act). Subject to limited exceptions and to the extent authorised pursuant to the Resolutions, unless Shareholders' approval is obtained in a general meeting of the Company, the Company must normally offer new Ordinary Shares to be issued for cash to existing Shareholders *pro rata* to their shareholdings.
- 5.6 The Ordinary Shares have no right to share in the profits of the Company other than through a dividend, distribution or return of capital.
- 5.7 Each Ordinary Share is entitled on a *pari passu* basis with all other issued Ordinary Shares to share in any surplus on a liquidation of the Company.
- 5.8 The Ordinary Shares have no redemption or conversion rights.
- 5.9 The Resolutions proposed at the General Meeting will, if passed:
- (a) authorise the Directors for the purposes of section 551 of the Act to allot relevant securities of the Company, such authority being limited to:
 - (i) the allotment of the Placing Shares; and
 - (ii) the allotment of the Consideration Shares,and in respect of the Placing Shares to do so for cash as if section 561(1) of the Act did not apply to those allotments, that authorisation expiring on the earlier of the date falling 18 months after the date of the passing of such resolution and the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company in a general meeting).
 - (b) authorise the Directors for the purposes of section 551 of the Act to allot relevant securities of the Company, such authority being limited to the allotment of the Retail Offer Shares and to do so for cash as if section 561(1) of the Act did not apply to those allotments, that authorisation expiring on the earlier of the date falling 18 months after the date of the passing of such resolution and the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company in a general meeting).
 - (c) authorise the Directors for the purposes of section 551 of the Act to allot relevant securities of the Company, such authority being limited to an aggregate nominal amount of £2,126,385.83 (representing approximately 1/3rd of the Enlarged Share Capital) and to allot equity securities of the Company for cash, such authority being limited to £637,915.75 (representing approximately ten per cent. of the Enlarged Share Capital) such authorisation expiring on the commencement of the next Annual General Meeting of the Company or 30 June 2022, whichever is earlier to occur (unless renewed, varied or revoked by the Company prior to or on that date).

6. TAKEOVERS

- 6.1 The Company is subject to the Takeover Code. Brief details of the Takeover Panel and the Takeover Code are described below.
- 6.2 The obligation to make a mandatory bid is a requirement of the Takeover Code. The Takeover Panel is an independent body which issues and administers the Takeover Code. The Takeover Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers. Its statutory functions are set out in Part 28 of the Act.
- 6.3 The Takeover Code applies to the Company. The Takeover Code is designed principally to ensure that shareholders in an offeree company are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders in the offeree company of the same class are afforded equivalent treatment by an offeror.
- 6.4 The Takeover Code is based upon a number of General Principles which are essentially statements of standards of commercial behaviour. The General Principles are applied in accordance with their spirit in order to achieve the underlying purpose. In addition to the General Principles, the Takeover Code contains a series of rules. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and, if a person acquires control of a company, the other holders of securities must be protected. Rule 9 of the Takeover Code provides that, except with the consent of the Takeover Panel, when:
- (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carries 30 per cent. or more of the voting rights of a company to which the Takeover Code applies; or
 - (b) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested; then, that person and, depending on the circumstances, the persons acting in concert with him, must extend offers in cash to the holders of any class of equity share capital, whether voting or non-voting, and also to the holders of any other class of transferable securities carrying voting rights, to acquire the balance of the shares not held by him and his concert parties.
 - (c) the offer must be in cash at not less than the highest price paid for any shares by the person required to make the offer or any person acting in concert with him for any interest in shares of that class during the preceding 12 months.
- 6.5 In addition to Rule 9 of the Takeover Code, the Act will also apply in the context of a takeover bid, further details of which are set out below.
- 6.5.1 **Squeeze-out:** Under the Companies Act, if a “takeover offer” (as defined in section 974 of the Companies Act) is made for the Enlarged Share Capital and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. of the Enlarged Share Capital to which the takeover offer relates (the “**Takeover Offer Shares**”) and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it is able to compulsorily acquire the remaining 10 per cent. In order to do so, it would send a notice to Shareholders who had not, at such time, accepted the takeover offer telling them that it will compulsorily acquire their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for those Shareholders in the event that they had not accepted the offer at such time. The consideration to the Shareholders whose Takeover Offer Shares were acquired compulsorily under the Act must, in general, be the same as the consideration that was available under the takeover offer.
- 6.5.2 **Sell-out:** The Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all of

the Enlarged Share Capital and at any time before the end of the period within which the offer could be accepted the offeror held, or had agreed to acquire, not less than 90 per cent. of the Ordinary Shares to which the offer related, any Shareholder to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those Ordinary Shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that matter arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his or her rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

- 6.6 No person has made a public takeover bid for the Company's issued share capital in the financial period to 31 December 2020 or in the current financial year.

7. CONTROL

- 7.1 To the best of the knowledge of the Company, there are no persons who at the date of this document directly or indirectly control the Company, where control means owning 30 per cent. or more of the voting rights attaching to the share capital of the Company.
- 7.2 The Company is not aware of any arrangements which may at a subsequent date result in a change in control of the Company.

8. MEMORANDUM AND ARTICLES OF ASSOCIATION

The Articles in force at the date of this document include provisions to the following effect.

8.1 *Objects of the Company*

Under the Companies Act, the objects of the Company are unrestricted. The Articles do not specify any restrictions on the objects of the Company.

8.2 *Voting Rights*

Subject to any rights or restrictions as to voting attached to any class of shares, at any general meeting, on a show of hands, every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member entitled to vote, has one vote and, in the case of a poll, every member present in person or by proxy has one vote for every share of which he is the holder. No member is entitled to vote at a general meeting either personally or by proxy if he or any person appearing to be interested in shares held by him has been duly served with a notice under section 793 of the Act and is in default for the prescribed period in supplying to the Company the information required thereby or, unless the Directors determine otherwise, if any calls in respect of shares held by him have not been paid.

8.3 *Notices of General Meetings*

An annual meeting of the Company shall be called on 21 clear days' notice, that is excluding the date of deemed receipt of such notice and the date of the meeting. Any general meeting of the Company shall be called on 14 clear days' notice, subject, in either case to the Companies Act. The Directors can call a general meeting at any time they think fit. The Company is required to send notice to members (except where the member is not entitled to such notice under the Articles or pursuant to any other restrictions imposed), the Company's Directors and Auditors. Notice will be sent to those registered in the register of members of the Company at such relevant time as is decided by the Directors in accordance with the Articles. The notice of annual general meeting or general meeting may include a time at which the member must be entered on such register in order to have the right to attend, vote or appoint a proxy to do so. The notice must include a statement as to whether the meeting will be held partly by means of electronic facility or facilities, the means of attendance, participation and communication thereat.

In the absence of a specific provision in the Articles, the quorum at meetings of the Shareholders of the Company will be two persons, in accordance with section 318 of the Companies Act.

8.4 ***Sanctions on Shareholders***

Any member representing 0.25 per cent. or more in nominal value of the issued shares of any class shall not be entitled to vote, receive payment of dividend or other distribution or transfer their shareholding (except in certain circumstances) if he, having been given a section 793 notice, has failed to give the information thereby required within 14 days of such notice. Such restrictions will cease to apply upon any arm's length sale or upon such information being provided.

8.5 ***Variation of Rights***

The Articles do not include any special rules for changing the rights attaching to any of its shares. Therefore the rights attached to any class of shares may, in accordance with the Act be altered or cancelled with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class.

Subject to the provisions of the Companies Act, the Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its shares into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person and sub-divide its shares into shares of a smaller amount and, as set out in the Companies Act, by special resolution (and, with court approval where required) reduce its authorised or issued share capital or any capital redemption reserve and any share premium account in any way subject to authority required by law.

Subject to applicable law, the Company may purchase its own shares.

8.6 ***Lien and Forfeiture***

The Company has a first and paramount lien on every share which is not fully paid for all amounts payable to the Company whether called or payable at a fixed time in respect of that share. The Board may sell shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 days of notice requiring the holder to do so.

Subject to the Articles and the terms on which the shares are allotted, the Board may make such calls on Shareholders in respect of any money unpaid on their shares. Each Shareholder shall (subject to receipt of at least 14 days' notice) pay to the Company the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or part the Board may give the member not less 14 days' notice requiring payment together with interest and expenses. The notice should also state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

8.7 ***Directors***

A Director is not required to hold any qualification shares.

Board Powers

The Directors are responsible for the management of the Company's business and the Directors may exercise all the Company's powers and may do on its behalf anything that can be done by the Company. The Board may delegate any of its power to such persons or committees as it thinks fit. The members may, by special resolution, direct the Directors to take, or refrain from taking, specified action.

Directors' Conflicts of Interest

Director must declare to the other Directors any situation in which he has or could have a direct or indirect interest that conflicts or possibly might conflict with the interests of the Company. Save in relation to permitted clauses, any Director so interested cannot count as part of a meeting of the Directors in relation to voting for quorum purposes.

The permitted clauses referred to above are:

- (i) the giving of any guarantee, security or indemnity to a Director in respect of money lent by him or obligations incurred by him at the request or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) any security given by the Company to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings which the Director has himself guaranteed or secured in whole or in part;
- (iii) any contract or arrangement by a Director to subscribe for shares, debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to members or debenture holders of the Company or any class thereof or to the public or any section thereof, or to underwrite any shares, debentures or other securities of the Company;
- (iv) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of or by the Company or by reason of any other interest in or through the Company;
- (v) any contract or arrangement in which he is interested directly or indirectly as Shareholder holding less than 1 per cent. of any class of the equity share capital of, or the voting rights in such company as an officer, Shareholder, creditor or otherwise howsoever;
- (vi) any proposal concerning the adoption, modification or operation of an employee's share scheme, a pension fund or retirement, death or disability benefits scheme which relates both to the Directors and employees of the Company or any of its Subsidiaries and does not provide in respect of any Director any such privilege or advantage not accorded to the employees to which such scheme or fund relates;
- (vii) any arrangement for the benefit of employees of the Company or of any of its Subsidiaries under which the Director benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom such arrangement relates; and
- (viii) any proposal, contract, transaction or arrangement concerning (a) the purchase or maintenance of insurance for the benefit of Directors or persons who include Directors, or (b) indemnities in favour of Directors, or (c) the funding of expenditure by one or more Directors in defending proceedings against him or them, or (d) doing anything to enable such Director or Directors to avoid incurring such expenditure.

The Directors shall have the power to authorise certain conflicts, provided that the relevant Director does not vote or count in the quorum in respect of any decision on such authorisation.

Subject to any applicable law, the Company may by ordinary resolution suspend or relax the provisions summarised under sub-paragraphs 8.7(vi) and 8.7(vii) above either generally or in relation to any particular matter, or ratify any transactions not duly authorised by reason of a contravention of such provision.

Borrowing powers

The Directors may exercise all the powers of the Company to borrow money, indemnify and guarantee, and to mortgage or charge all or any part of its undertaking, property, assets (present and future), and to create debenture and loan stock whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Directors' Meetings

The quorum for meeting of the Board is two Directors.

8.8 Directors Remuneration and Expenses

The Directors are entitled to such remuneration as the Board determine for their services to the Company as Directors. However, the aggregate of all fees payable to the Directors shall not exceed £250,000, unless otherwise approved by the Company in general meeting. Any fees payable are distinct from any salary, remuneration or other amounts payable to a Director.

The Directors are entitled to be repaid all reasonable expenses properly incurred by them respectively in connection with their attendance at meetings of Directors or committees of Directors, general meetings or separate meetings of the holders of any class of shares or of debentures of the Company, or otherwise in connection with the exercise of their powers in relation to the Company.

8.9 ***Retirement and Appointment of Directors***

The Company may from time to time by ordinary resolution appoint any person willing to act and who is permitted by law to do so, to be a Director. The Directors may also from time to time appoint Directors but any Director so appointed shall retire by rotation at the next annual general meeting of the Company and stand for re-election.

A Director will also automatically cease to be a Director if he becomes prohibited by law of holding such office and in certain other circumstances.

8.10 ***Retirement by Rotation***

At every annual general meeting, any Directors appointed by the Board since the last general meeting and any Directors who were not appointed or re-appointed at one of the preceding two annual general meetings of the Company shall retire by rotation and stand for re-election.

8.11 ***Directors' Indemnity and Insurance***

Subject to the Act the Company may indemnify any Director and any Director of any associated company may be indemnified against any liability by him, including in connection with negligence, default, breach of duty and against any liability incurred by him in defending civil or criminal proceedings in which judgment is given in his favour.

Any Director or former Director may be provided with funds to meet his expenditure incurred or to be incurred by him in defending any criminal or civil proceeding which relate or are alleged to relate to his actions or omission as a Director.

In each case, officers shall not be indemnified in certain circumstances, including against liability owed to the Company or any associate of the Company, to pay a fine by way of penalty or where such indemnity would be prohibited or rendered void by the Act or any other provision of law.

The Company may also purchase and maintain for any Director or any Director of any associated company, insurance against any liability, which has or may be incurred by a relevant Director in connection with his duties or powers in relation to the Company or any associated company.

8.12 ***Transfers***

All transfers of shares held in certificated form may be effected by transfer in any usual form or in any other form acceptable to the Directors and shall be executed by or on behalf of the transferor and, if the share is partly paid, the transferee. The Directors may refuse to register the transfer of a certificated share if it is not fully paid, the transfer is not lodged at the Company's registered office or such other appointed place, it is not duly stamped or duly certificated or otherwise shown to the satisfaction of the Board to be exempt from stamp duty (if this is required), it is not accompanied by the certificate or similar documents, it is in respect of more than one class of share or if it is in favour of more than four transferees. All transfers of shares held in uncertificated form will be effected by means of the relevant system. A transfer of shares held in uncertificated form must not be registered if the transfer is in favour of more than four transferees.

There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.

8.13 ***Dividends***

There are no fixed dates on which a dividend entitlement arises. The Company may by ordinary resolution from time to time declare dividends to be paid to Shareholders, although the amount of the dividend cannot exceed the amount recommended by the Directors. In addition, the Directors may pay interim dividends if justified by the profits of the Company available for distribution.

The dividend payment to each Shareholder shall be calculated proportionately to the amounts paid up on each issued Ordinary Share. All dividend payments shall be non-cumulative.

All unclaimed dividends may be used for the benefit of the Company until claimed and shall not attract interest. Any dividend which remains unclaimed twelve years after the date the dividend becomes due for payment shall be forfeited and shall cease to be owed by the Company.

There are no dividend restrictions attaching to the Ordinary Shares, provided they are fully paid up. Payments of dividends may be made by any method the Directors consider appropriate and on a cash dividend there are no special arrangements for non-resident Shareholders. The Directors may make such arrangements as they consider expedient in connection with a dividend payment in shares to deal with any legal or other difficulties that may arise in any territory in which non-resident Shareholders are present. Subject to the passing of an ordinary resolution by the members, members may be offered the right to elect to receive Ordinary Shares, credited as fully paid, rather than cash.

The Ordinary Shares rank *pari passu* as a class in terms of preference, restriction and all other rights.

8.14 **Deferred Shares**

The Deferred Shares which are in issue are not admitted to trading on AIM (or any other investment exchange). The holders of the Deferred Shares shall not, by virtue or in respect of their holdings of Deferred Shares, have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. The Deferred Shares will not entitle their holders to receive any dividend or other distribution. The Deferred Shares will, on a return of assets in a winding up, entitle the holder only to the repayment of the amounts so paid up on such Deferred Shares after repayment of the capital paid up on the Ordinary Shares plus the payment of £10,000,000 per Ordinary Share.

Each holder of Deferred Shares is deemed to have given the Company irrevocable authority at any time to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or agreement to the transfer of the same to such person as the Company determines, and/or to cancel the same for not more than one penny for all such Deferred Shares.

The Company may, at its option, re-purchase all of the Deferred Shares in issue at a price of not more than one penny for all such Deferred Shares.

9. **INTERESTS OF THE DIRECTORS AND SIGNIFICANT SHAREHOLDINGS**

- 9.1 As at the date of this document and as expected to be immediately following completion of the Proposals, in addition to the interests in options which are set out in paragraph 10.2 of this Part VII, the interests of the Directors and persons connected to them (within the meaning of section 252 of the Act) in the share capital of the Company, the existence of which is known to or could with reasonable diligence be ascertained by the Directors, are (other than the rights set out in paragraphs 12 and 13 of this Part VII) as follows:

Name	As at the date of this document		On Admission	
	Number of Shares	Percentage of Share Capital	Number of Shares	Percentage of Enlarged Share Capital
Max Vermorken	549,857	0.20%	673,385	0.11%
David Barrett	2,609,189	0.93%	3,009,189	0.47%
Garth Palmer	438,499	0.16%	556,146	0.09%
Tim Hall	329,176	0.12%	400,176	0.06%
Dean Masefield	28,101	0.01%	45,748	0.01%
Simon Chisholm	–	0.00%	–	0.00%
Jacques Emsens	–	0.00%	–	0.00%

- 9.2 Other than the holdings of the Directors, which are set out in paragraph 9.1 of this Part VII above, the Directors are aware of the following persons who, as at 15 July 2021 (being the most recent

practicable date prior to the publication of this document), were interested, directly or indirectly, in 3 per cent. or more of the Company's share capital or voting rights:

<i>Name</i>	<i>As at the date of this document</i>		<i>On Admission</i>	
	<i>Existing Ordinary Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
BlackRock Investment Mgt (UK)	–	0.00%	70,588,236	11.07%
M&G Investment Management Limited	24,152,918	8.63%	50,035,271	7.84%
Ninety One	–	0.00%	42,236,567	6.62%
Chelverton Asset Management	17,952,460	6.41%	40,000,000	6.27%
Janus Henderson Investors	11,528,048	4.12%	35,109,725	5.50%
BGF Investments LP	21,792,872	7.79%	33,557,577	5.26%
Premier Fund Managers Ltd	–	0.00%	23,378,823	3.66%
Hermco Property Limited	18,502,502	6.61%	18,502,502	2.90%
Bailiwick Investments	17,910,000	6.40%	17,910,000	2.81%
Ravenscroft	17,809,138	6.36%	17,809,138	2.79%
Canaccord Genuity Wealth Management (Inst)	15,000,000	5.36%	15,602,058	2.45%
Slater Investments Ltd	14,582,422	5.21%	14,582,422	2.29%
Legal & General Investment Management	12,018,925	4.29%	12,018,925	1.88%
Nigel Wray	10,580,048	3.78%	10,580,048	1.66%
Pula Investments Limited	10,025,000	3.58%	10,025,000	1.57%

The voting rights of the Shareholders set out in paragraphs 9.1 and this 9.2 of this Part VII of the document do not differ from the voting rights held by other Shareholders.

- 9.3 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors. There are no outstanding loans or guarantees provided by the Directors to or for the benefit of the Company.
- 9.4 Save as disclosed in this paragraph 9, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Enlarged Group taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.
- 9.5 Save as otherwise disclosed in this document, none of the Directors nor any member of their respective families nor any person connected with the Directors (within the meaning of section 252 of the Act) has any holding, whether beneficial or otherwise, in the share capital of the Company.
- 9.6 None of the Directors nor any member of their respective families is dealing in any related financial product (as defined in the AIM Rules) whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares, including a contract for differences or a fixed odds bet.

10. OPTIONS

The following options exist in relation to the Ordinary Shares as at the date of this document and as at Admission.

10.1 *The RTO Option Plan and the Option Plan*

On 14 December 2016, the Company adopted two share option plans, being the “**RTO Option Plan**” and the “**Option Plan**”, pursuant to which the Company may grant options to any Director, officer, employee, Non-Executive Director or consultant of the Company

Under the rules of both the RTO Option Plan and the Option Plan the following provisions apply:

Grant

- (a) the Board may select and grant options to, from time to time in its absolute discretion, any number of persons who are at the intended date of grant an employee (including an executive director) of the Existing Group (each an “Eligible Employee”);
- (b) the exercise of an option may be subject to the satisfaction of performance conditions specified by the Board at the date of grant of the option;
- (c) if the Board reasonably considers events have affected the viability of such performance conditions and that they no longer represent a fair measure of performance, the Board may waive or vary them so long as the variation does not result in more onerous performance conditions or remove performance as a requirement of the exercise of the option;
- (d) the Board determines (at the date of grant) the exercise period during which an option holder may exercise an option to end no later than the day prior to the tenth anniversary on the date of grant (the “Exercise Period”);
- (e) it is a condition of a grant of an option that each option holder indemnifies the Company and any member of the Existing Group (if permitted by law) against any income tax and/or employee national insurance contribution charges or any similar employment or withholding tax or costs arising in the territory of residence and/or employment of the option holder, resulting from the grant, exercise, disposal or release of an option;
- (f) no more than 40,583,361 Ordinary Shares may be issued under the RTO Option Plan; and
- (g) in any 10-year period, not more than 10 per cent. of the Company’s issued share capital (which shall be calculated as if the conversion of the convertible loan notes which were then issue (but have subsequently been redeemed) had taken place) may be issued under the Option Plan and all other employees’ share plans adopted by the Company from time to time. This limit does not include awards which lapse or are surrendered or any options granted under the RTO Plan.

Exercise

- (a) each Option shall be exercisable only by the Eligible Employee to whom it is granted (or his personal representative) and may not be transferred, assigned or charged and the Option shall lapse on any assignment, charge, disposal or other dealing with the rights conveyed by it;
- (b) if an Option holder dies at a time when they are an Eligible Employee, then the Board may at its absolute discretion specify the proportion of an unvested Option that the Board determines may be exercised within twelve months after death but within the Exercise Period;
- (c) if an Option holder ceases to be an Eligible Employee by reason of serious illness, injury, disability, redundancy or retirement (in each case to the satisfaction of the Board) the Board may at its absolute discretion specify the proportion of an unvested Option that the Board determines may be exercised within 120 days of cessation, failing which the Option shall lapse;
- (d) if an Option holder ceases to be an Eligible Employee for any other reason, including termination or repudiation of contract by the Company whether lawful or otherwise, then an unvested Option shall immediately cease to be exercisable unless the Board in exceptional cases determines in its absolute discretion that all or part of the Option may be exercised;
- (e) an Option Holder who is on maternity leave, paternity leave or any similar parental leave shall not, for that reason alone, be treated as ceasing to be an Eligible Employee;
- (f) if an offer is made which may result in a change of control of the Company the Board is entitled to notify the Option holders and allow them to exercise their Options within six months of the completion of the change of control;

- (g) if at any time while any Option remains unexercised notice is given of a general meeting of the Company at which a resolution will be proposed for the voluntary liquidation of the Company, every option which has not lapsed prior to such resolution shall be exercisable notwithstanding any performance condition; and
- (h) in the event of any increase or variation of the capital of the Company, by way of capitalisation or rights issued, or sub-division, consolidation or reduction, the Board may make such adjustments as they consider appropriate.

Amendments

- (a) the Board may amend the rules at any time, except that Shareholder approval is required to amend the limit of the relevant plan, and cannot make alterations which would materially increase the liability of an Option holder or which may materially decrease the value of his subsisting rights attached to any Option without the Option holder's written consent;

Miscellaneous

- (a) participation by an Option holder shall not form part of his entitlement to remuneration or benefits pursuant to his contract of employment and rights granted to an Option holder under the grant of an Option shall not afford him any rights or additional rights to compensation or damages in consequence of the loss, termination of his office or employment with the Company; and
- (b) Options are not pensionable.

- 10.2 As at the date of this document the Company has granted options over a total of 30,200,045 Ordinary Shares pursuant to the Option Plan and the RTO Option Plan. The interests of the Directors in such options are as follows:

<i>Director</i>	<i>Aggregate number of Options over Ordinary Shares</i>	<i>Number of options over Ordinary Shares</i>	<i>Exercise Price (£)</i>	<i>Expiry Date</i>	<i>Percentage of Existing Ordinary Shares (as at the date of this document)</i>	<i>Percentage of Enlarged Share Capital (as at Admission)</i>
David Barrett	5,638,674	52,029	0.25	05/01/2022	2.01%	0.88%
		1,827,484	0.4	05/01/2022		
		770,204	0.4	05/01/2022		
		1,838,957	0.46	16/04/2026		
		1,150,000	0.46	30/12/2026		
Dean Masefield	500,000	30,000	0.46	16/04/2026	0.18%	0.08%
		470,000	0.46	30/12/2026		
Garth Palmer	3,326,014	26,014	0.25	05/01/2022	1.19%	0.52%
		462,122	0.4	05/01/2022		
		2,137,878	0.46	16/04/2026		
		700,000	0.46	30/12/2026		
Max Vermorken	11,807,349	104,059	0.25	05/01/2022	4.22%	1.85%
		4,264,129	0.4	05/01/2022		
		1,540,408	0.4	05/01/2022		
		3,068,753	0.46	16/04/2026		
		2,830,000	0.46	30/12/2026		
Tim Hall	750,000	750,000	0.46	30/12/2026	0.27%	0.12%
Jacque Emsens	Nil	Nil	–	–	0.00%	0.00%
Simon Chisholm	Nil	Nil	–	–	0.00%	0.00%

11. SHARE INCENTIVE PLAN

- 11.1 In April 2021 the Company adopted the share incentive plan (the “**SIP**”). The SIP which is a share incentive plan for the purposes of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 (“**Schedule 2**”). Details of the SIP are provided below.

Administration

- (a) The SIP is constituted by a trust deed and rules, the trustee of which (the “**Trustee**”) is currently Link Group. The SIP is administered by the Trustee in accordance with the trust deed and its rules. The Company may appoint and remove the Trustee. The SIP may be operated over new issue, treasury or market purchase Ordinary Shares. The SIP is currently operated over market purchase Ordinary Shares.

Eligible employees

- (b) All United Kingdom resident employees of participating group companies are eligible to participate in the SIP.

Awards

- (c) If the Company decides to operate the SIP, all eligible employees are entitled to participate in the SIP on similar terms. The SIP has four discrete elements, “Free Shares”, “Partnership Shares”, “Matching Shares” and “Dividend Shares”, details of which are provided below. The Company may decide which elements are to be offered under the SIP and it is currently intended that only Partnership Shares will be offered.

Participation

- (d) Employees are able to participate only if they enter into a contract with the Company and, when the SIP is to operate over Partnership Shares with or without Matching Shares, if they agree to the acquisition of Ordinary Shares with contributions from their gross salary by the Trustee on their behalf.

Free Shares

- (e) Eligible employees may be awarded Free Shares worth up to the maximum statutory limit which is currently £3,600 in each tax year.
- (f) An award may be linked to objective performance criteria determined by the Company. Free Shares must be held by the Trustee for a holding period of up to five years. Free Shares may be forfeited in certain circumstances up to five years from their appropriation if a participant ceases to be employed by the Existing Group.

Partnership Shares

- (g) Eligible employees may purchase Partnership Shares worth up to the maximum statutory limit which is currently £1,800 in any tax year using money deducted from their gross salary in one or more lump sums not exceeding 10 per cent. of salary in any year. Partnership Shares may be withdrawn from the SIP at any time and will not be subject to forfeiture.

Matching Shares

- (h) The Company may permit the Trustee to award up to two Matching Shares for each Partnership Share purchased. Matching Shares must be held by the Trustee for a holding period of up to five years.
- (i) Matching Shares may be forfeited in certain circumstances up to five years from their appropriation if a participant ceases to be employed by the Existing Group or the participant chooses to withdraw his or her Partnership Shares from the SIP within five years.

Dividend Shares

- (j) The Company may permit dividends received on shares held in the SIP to be reinvested in additional Ordinary Shares (“**Dividend Shares**”).
- (k) The Dividend Shares will not be subject to forfeiture and must be held for a minimum of three years before they can be sold.

Operation

- (l) In each year that the Company decides to operate the SIP over Free or Matching Shares, participating group companies will provide the Trustee with funds to enable the Trustee to buy Ordinary Shares in the market or to buy new or treasury shares from the Company by subscription to be appropriated as Free Shares and/or Matching Shares to eligible employees who agree to participate in the SIP.

Individual limits

- (m) The maximum value of Ordinary Shares which may be received by an employee under the SIP under Schedule 2 is:
 - (i) Free Shares: currently £3,600 per tax year;
 - (ii) Partnership Shares: currently £150 per month or £1,800 per annum (and a maximum of 10 per cent. of salary); and
 - (iii) Matching Shares: two shares for each Partnership Share.
- (n) There is no limit under Schedule 2 on the number of Dividend Shares which may be purchased on behalf of participants.

Dividends and voting rights

- (o) Participants are the beneficial owners of the shares held by the Trustee on their behalf. All dividends and other distributions received in respect of the Shares will be passed on to participants by the Trustee as soon as practicable after receipt unless the Company decides to permit their reinvestment in Dividend Shares. The Trustee will vote in accordance with the wishes of the participants if participants have given the Trustee prior voting directions in writing.

Amendments to the SIP

- (p) The Company, with the Trustee’s consent, may amend the SIP at any time in any respect except that:
 - (i) no amendment may be made to the SIP which would materially adversely affect the beneficial interests of participants in shares held by the Trustee on their behalf; and
 - (ii) no amendment may be made which would affect the status of the SIP as a Schedule 2 share incentive plan.

Benefits not pensionable

- (q) Benefits under the SIP are not pensionable.

12 THE LTIP – SUMMARY OF PRINCIPAL TERMS AND DETAILS OF INITIAL AWARDS

Introduction

To cater for discretionary share based incentive awards to selected employees, the Company is seeking Shareholder approval (pursuant to Resolution 5 being approved at the General Meeting) to implement the LTIP, which will be known as the SigmaRoc PLC Performance Share Plan.

Subject to Admission and Shareholder approval, the first awards under the LTIP (the “Initial Awards”) would be granted at or shortly following Admission.

Operation and eligibility

The Remuneration Committee will supervise the operation of the LTIP. Any employee (including an Executive Director) of the Company and its subsidiaries will be eligible to participate in the LTIP at the discretion of the Remuneration Committee.

Structure of awards under the LTIP

The Remuneration Committee may grant awards to acquire Ordinary Shares as conditional share awards or as nil (or nominal) cost options. The Remuneration Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

Awards shall comprise a single part unless the Remuneration Committee determines that an award shall comprise a number of distinct parts in which case each part shall be treated as if it were a separate award for the purposes of the LTIP.

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

Overall limits

The LTIP may operate over new issue Ordinary Shares, treasury Ordinary Shares or Ordinary Shares purchased in the market (not being treasury Ordinary Shares).

In any ten-calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent. of the issued ordinary share capital of the Company under the LTIP and any other (executive or otherwise) share incentive plan adopted by the Company.

Treasury Ordinary Shares will count as new issue Ordinary Shares for the purposes of this limit unless institutional investor guidelines cease to require them to count.

Ordinary Shares issued or to be issued under awards or options granted before Admission and in respect of the Initial Awards will count towards these limits.

The relevant issued ordinary share capital of the Company for the purposes of the aforementioned limit shall be issued ordinary share capital from time to time and accordingly post Admission would at that time be the Enlarged Share Capital.

Initial Awards

The Initial Awards would be granted to the Company's Executive Directors and to no fewer than three other senior employees.

The Initial Awards would in aggregate be granted over up to 25,620,000 Ordinary Shares including in respect of a proposed Initial Award to the Chief Executive over 9,581,880 Ordinary Shares.

For information 25,620,000 Ordinary Shares have a current value of approximately £21.8 million by reference to the Placing Price.

Timing of subsequent awards

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

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

Market value for the purposes of such cap shall be based on the market value of Ordinary Shares on the closing price for the dealing day immediately preceding the grant of an award (or by reference to the average of closing prices taken over a short averaging period ending on the dealing day immediately preceding the grant of an award).

It is not expected that recipients of the Initial Awards will be considered for further awards under the LTIP until 2024 unless the Committee determines otherwise in exceptional circumstances.

Extent of vesting

The extent of vesting of awards for Executive Directors will be subject to performance conditions set by the Remuneration Committee. Performance conditions may also apply in the case of awards to others but need not do so.

The Remuneration Committee may vary performance conditions applying to any award after it is granted if an event occurs which causes the Remuneration Committee to consider that it would be appropriate to amend the performance conditions, provided the Remuneration Committee acts fairly and reasonably in making the alteration and, in the case of awards to the Company's Executive Directors, the amended performance conditions are not materially more or less challenging than the original conditions would have been but for the event in question.

The performance conditions that would apply to the Initial Awards are as summarised below.

The performance vesting of a distinct 75 percent. of each Initial Award (the “**EPS Part**”) will be dependent on the Company's adjusted earnings per share performance for the Company's financial year ending 31 December 2023 (“**EPS 2023**”). No portion of the EPS Part would performance vest unless EPS 2023 is at least 6 pence rising on a straight-line basis to full performance vesting of the EPS Part for EPS 2023 of 8 pence or higher.

The performance vesting of a distinct 25 percent. of each Initial Award (the “**TSR Part**”) will be dependent on the Company's Total Shareholder Return (“**TSR**”) performance over a three year period commencing on Admission relative to the TSR performance over the same period of the constituents of the AIM 100 Index as at Admission. No portion of the TSR Part would performance vest unless the Company's relative TSR performance was median ranking performance for which one quarter of the TSR Part would performance vest rising on a straight line basis to full performance vesting of the TSR Part for the Company's relative TSR performance ranking upper quartile or better. The Company's starting TSR for such purposes would be determined by reference to the Placing Price and in the case of the comparator group members the three months preceding. The end TSRs for such purposes would be determined by reference to a three month averaging period ending on the last day of the three year measurement period.

Vesting of awards

Awards shall ordinarily vest on such normal vesting date specified for the award or, if later, when the Remuneration Committee determines the extent to which any performance conditions and/or additional conditions have been satisfied.

The normal vesting date in respect of awards to Executive Directors shall not be earlier than the third anniversary of the grant of the award.

The Initial Awards will be granted on terms that they comprise three equal distinct parts (“**Part I**”, “**Part II**” and “**Part III**” each thereafter treated as it were as separate award for the purposes of the Plan).

Each such part would face the same performance conditions as described above but the normal vesting dates set for the Initial Awards would be that Part I had a normal vesting date of the third anniversary of Admission, Part II the fourth anniversary of Admission and Part III the fifth anniversary of Admission.

Where awards are granted in the form of options, once exercisable these will then remain exercisable up until the tenth anniversary of grant (or such shorter period specified by the Remuneration

Committee at the time of grant) unless they lapse earlier. Shorter exercise periods shall apply in the case of “good leavers” and/or vesting of awards in connection with corporate events.

Leaving employment

As a general rule, an award will lapse upon a participant’s termination of employment within the Group.

However, if a participant ceases to be an employee of the Group because of death, injury, ill-health, disability, redundancy, retirement with the agreement of the Remuneration Committee, their employing company or the business for which they work being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, then their award will vest on the normal timetable. The extent to which an award will vest in these situations will depend upon two factors: (i) the extent to which the relevant performance conditions/additional conditions (in each case, if any) have, in the opinion of the Remuneration Committee, been satisfied over the original performance measurement period, and (ii) ordinarily pro-rating of the award to reflect the period spent in service relative to the relevant normal vesting period. The Remuneration Committee can decide to pro-rate an award to a lesser extent (including as to nil) if it regards it as appropriate to do so in the circumstances.

Alternatively, in such “good leaver” circumstances specified above (including in the case of a discretionary good leaver), the Remuneration Committee can decide that the participant’s award will vest when they leave, subject to: (i) the performance conditions/additional conditions (if any) measured at that time; and (ii) ordinarily pro-rating as described above (including the Remuneration Committee’s discretion as described above in respect of pro-ration).

Any holding periods applicable to awards will normally continue to apply to a good leaver’s awards, although the Remuneration Committee may choose to relax this requirement in compassionate cases.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all awards will vest early subject to: (i) the extent that the performance conditions/additional conditions (in each case, if any) have been satisfied at that time; and (ii) pro-rating of the awards to reflect the period elapsed into the relevant normal vesting period. The Remuneration Committee can decide to pro-rate an award to a lesser extent (including as to nil) if it regards it as appropriate to do so in the circumstances.

In the event of an internal corporate reorganisation awards will be replaced by equivalent new awards over shares in a new holding company.

In the event of a demerger, special dividend or other similar event which, in the opinion of the Remuneration Committee, would affect the market price of the Ordinary Shares to a material extent, the Remuneration Committee may decide that awards shall vest early or be adjusted on such basis as considered appropriate. The Remuneration Committee will also retain the ability to require awards to be rolled-over into new equivalent awards granted by an acquiring company if that is considered appropriate.

Holding periods

The terms of the LTIP include that Executive Directors will ordinarily be required to retain their net of tax number of vested Ordinary Shares (if any) delivered under the LTIP (or the full number of the vested Ordinary Shares whilst held under an unexercised nil (or nominal) cost option award, where relevant) until the fifth anniversary of the vesting of the grant of the award.

Override of formulaic outcomes

Notwithstanding any other provision of the LTIP, and irrespective of whether any performance conditions attached to an award has been satisfied, in line with the UK Corporate Governance Code, the Remuneration Committee retains discretion under the LTIP to adjust the level of vesting that would otherwise result (for example, that would otherwise result by reference to formulaic outcomes alone). Such discretion would only be used in exceptional circumstances and for example may include regard to corporate and personal performance.

Dividend equivalents

The Remuneration Committee may decide that participants will receive a payment (in cash and/or Ordinary Shares) on or shortly following the vesting/exercise of their awards of an amount equivalent to the dividends that would have been paid on those Ordinary Shares between the time (or part of the time) when the awards were granted and the time when they vest (or where an award is structured as an option and subject to a holding period, the date of expiry of the holding period or if earlier the exercise of such award). This amount may assume the reinvestment of dividends.

Malus and clawback

The Remuneration Committee may apply the LTIP's malus and clawback provisions if, at any point prior to the third anniversary of the date of vesting of an award, it is discovered that there has been a material misstatement of the Company's financial results, an error of calculation (including on account of inaccurate or misleading information) or in the event of serious misconduct, material reputational damage or corporate failure.

The malus and clawback may be satisfied by way of a reduction in the amount of any future bonus, existing award or future share awards and/or a requirement to make a cash payment.

Life of the LTIP

An award may not be granted more than 10 years after the date of Admission

Participants' rights

Awards under the LTIP will not confer any Shareholder rights until the awards have vested or the options have been exercised as relevant and the participants have received their Ordinary Shares.

Rights attaching to Ordinary Shares

Any Ordinary Shares allotted in respect of the LTIP will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

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

Alterations

The Remuneration Committee may, at any time, amend the LTIP in any respect, provided that the prior approval of the Company's Shareholders in general meeting is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the shares or cash to be acquired and the adjustment of awards.

The requirement to obtain the prior approval of the Company's Shareholders in general meeting will not, however, apply to any minor alteration made to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group. Shareholder approval will also not be required for any amendments to any performance condition applying to an award amended in line with its terms.

Overseas plans

The rules of LTIP will allow the Remuneration Committee to establish further plans for overseas territories, any such plan to be similar to the LTIP, but modified to take account of local tax, exchange control or securities laws, provided that any shares made available under such further plans are treated as counting against the limits on individual and overall participation in the LTIP.

13. DIRECTORS' SERVICE AGREEMENTS/LETTERS OF APPOINTMENT

- 13.1 The Company has entered into service agreements/letters of appointment with the Directors as follows:

Executive Directors

(a) *David Barrett*

On 14 December 2016, David Barrett entered into a service agreement with the Company, pursuant to which he is employed as Executive Chairman and Executive Director. For the financial year ended 31 December 2020, Mr Barrett received a salary of £305,278. Mr Barrett is entitled to private medical insurance for himself and for his immediate family. The contract of employment is terminable on 12 months' prior written notice by either party and Mr Barrett does not have the right to receive compensation upon termination of the appointment apart from in the event of a change of control. Mr Barrett is subject to the usual restrictive covenants for a period of 6 months following the termination of his appointment (apart from in the event of his termination as a result of a change of control).

(b) *Max Vermorken*

On 14 December 2016, Max Vermorken entered into a service agreement with the Company, pursuant to which he is employed as Chief Executive Officer and Executive Director. He works full time within his role. For the financial year ended 31 December 2020, Mr Vermorken received a salary of £395,000 per annum. Mr Vermorken receives an employer pension contribution of 10 per cent. of his basic salary, and is entitled to private medical insurance for himself and for his immediate family. The contract of employment is terminable on 12 months' prior written notice by either party and Mr Vermorken does not have the right to receive compensation upon termination of the appointment apart from in the event of a change of control. Mr Vermorken is subject to the usual restrictive covenants for a period of 6 months following the termination of his appointment (apart from in the event of his termination as a result of a change of control).

(c) *Dean Masefield*

On 1 January 2020, Dean Masefield entered into a service agreement with the Company, pursuant to which he is employed as finance director and Executive Director effective from 20 April 2020. Mr Masefield devotes 1 day per week for this role as a board member (it being noted that he dedicates his services during the remaining days of the week as finance director of the Existing Group pursuant to that engagement). For the financial year ended 31 December 2020, Mr Masefield received a salary of £125,000 per annum. Mr Masefield receives an employer pension contribution of 10 per cent. of his basic salary, and is entitled to private medical insurance for himself and for his immediate family. The contract of employment is terminable on 12 months' prior written notice by either party and Mr Masefield does not have the right to receive compensation upon termination of the appointment apart from in the event of a change of control. Mr. Masefield is subject to the usual restrictive covenants for a period of 6 months following the termination of his appointment (apart from in the event of his termination as a result of a change of control). The Company may, at its discretion and starting from the date of employment (1 January 2020), pay Dean Masefield a bonus of such amount and at such time as may be determined by the Remuneration Committee and is set at up to 100 per cent. of his salary. This is not a contractual entitlement.

On Admission, Dean Masefield will step down from the Board and this service agreement will be terminated.

Non-Executive Directors

(a) *Garth Palmer*

On 20 April 2020, Garth Palmer was appointed to act as Non-Executive Director of the Company. Mr Palmer is currently entitled to a director's fee of £40,000 per annum. The appointment is for an initial term of 12 months and will be terminable at any time on 6 months prior written notice by either party.

On Admission, Garth Palmer will become an Executive Director and CFO of the Company and the Enlarged Group. Accordingly, on 15 July 2021 he entered into a service agreement with the Company pursuant to which, conditional upon and subject to Admission, he will be employed as chief financial officer and Executive Director of the Company effective from Admission. Mr Palmer will devote as much of his working time and attention as necessary to his role (which are such hours as are reasonably required for the full and proper performance of his duties under this Agreement). Mr Palmer receives a salary of £375,000 per annum. Mr Palmer receives an employer pension contribution of 10 per cent. of his basic salary, and is entitled to private medical insurance for himself and for his immediate family. The contract of employment is terminable on 12 months' prior written notice by either party and Mr Palmer does not have the right to receive compensation upon termination of the appointment apart from in the event of a change of control. Mr Palmer is subject to the usual restrictive covenants for a period of 6 months following the termination of his appointment (apart from in the event of his termination as a result of a change of control).

(b) *Tim Hall*

On 18 April 2019, Tim Hall entered into a letter of appointment pursuant to which he was appointed to act as Non-Executive Director of the Company. Mr Hall is currently entitled to a director's fee of £40,000 per annum. The appointment was for an initial term of 12 months and will be terminable at any time on 6 months prior written notice by either party.

(c) *Jacques Emsens*

On 20 April 2020, Jacques Emsens was appointed to act as Non-Executive Director of the Company. Mr Emsens is currently entitled to a director's fee of £40,000 per annum. The appointment is for an initial term of 12 months and will be terminable at any time on 6 months prior written notice by either party.

(d) *Simon Chisholm*

On 20 April 2020, Simon Chisholm was appointed to act as Non-Executive Director of the Company. Mr Chisholm is currently entitled to a director's fee of £40,000 per annum. The appointment is for an initial term of 12 months and will be terminable at any time on 6 months prior written notice by either party.

Save as set out in this paragraph, none of the above service contracts or letters of appointment have been entered into or amended within six months of the date of this document.

14. ADDITIONAL INFORMATION ON THE DIRECTORS

- 14.1 In addition to directorships of the Company, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Past directorships and partnerships</i>
David Barrett	Capital Concrete Limited Chiltern Green Homes Limited GDH (Holdings) Limited Gerald D. Harries & Sons Limited Hough Estates (Management) Limited SigmaFin Limited Thames 101 Limited Thames 102 Limited Thames Aggregates Limited Thames Recycling Limited	A.Larkin(Concrete)Limited Allen (Concrete) Limited Greenbloc Limited Poundfield Innovations Limited Poundfield Precast Limited Poundfield Products (Group) Limited Poundfield Products (Holdings) Limited Topcrete Limited

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Past directorships and partnerships</i>
Max Vermorken	SigmaFin Limited Skyeye Consulting Limited Virivest Ltd	A. Larkin (Concrete) Limited Allen (Concrete) Limited Foelfach Stone Limited Greenbloc Limited Poundfield Innovations Limited Poundfield Precast Limited Poundfield Products (Group) Limited Poundfield Products (Holdings) Limited Reel Raise Limited Topcrete Limited
Dean Masefield	Ronez Limited	
Garth Palmer	Disko Limited Foelfach Stone Limited Formity Ltd GD Harries & Sons Limited GT Corporate Limited Heytesbury Nominees Limited Neepsend Limited SigmaGsy Limited Sport:80 Limited Sport:80 USA Inc Wivern Digital Limited	Acesis Biomed LTD Bluejay Mining plc Corsair Petroleum Holdings Limited Dundas Titanium A/S Finland Investments Limited FinnAust Mining Finland Oy FinnAust Mining Northern Oy Genflow Biosciences Ltd GP Corporate Limited Remlap Corporate LLP Remlap Limited Swallow Street Services Limited
Tim Hall	Bastion Mews Ltd HHD Developments Ltd Langsun Limited T G Concrete Bridgnorth Ltd	Almeley Management Company Limited Breedon Bow Highways Limited Breedon Bowen Limited Breedon Cement Limited Breedon Trading Limited H.V. Bowen & Sons (Quarry) Ltd H.V. Bowen & Sons (Transport) Limited Humberside Aggregates Limited Huntsman's Quarries Limited Nottingham Ready Mix Limited PSV (UK) Ltd
Jacques Emsens	Etalix SPRL Eurinvest Partners SA JPK Real Estate SPRL JPSeven SA Le Pain Quotidien Bresil Mirochri SPRL Pajapa SPRL SLS Sofina SA Stalusa BVBA Stichting Administratiekantoor Sandrose Foundation Union Financière Boël SA	Coll Earn SPRL Colour House International SA Consortium Maritime Trading Limited SCR-Sibelco NV Sibelco UK Limited Stone Holdings SA Warrior Equation SA Watts Blake Bearne and Company Limited
Simon Chisholm	Feros Advisers Limited	

14.2 Save as disclosed in paragraph 13.2.1 below, none of the Directors have:

- (a) any unspent convictions in relation to indictable offences;
- (b) had any bankruptcy order made against him or entered into any voluntary arrangements;
- (c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- (d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

14.3 David Barrett is a director of Hough Estates (Management) Limited ("**HEML**") which is currently in administration. Thames Recycling Limited (a company of which David Barrett is also a director and Shareholder) provided an initial loan to HEML on 22 September 2015 (with a further loan advanced on 22 March 2017) with an initial 12 month term on the basis that HEML would seek to refinance the loan and repay it in its entirety. The loan was extended for a further 18 months after the expiry of the initial 12 month period. In the absence of any refinancing, Thames Recycling Limited, as a creditor of HEML, decided to call-in the loan and demand repayment. As a result, an administrator was appointed on 19 March 2019.

15. EMPLOYEES

15.1 During each of the accounting reference periods ending on the dates set out below the Company and its subsidiaries had the following average number of employees:

<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
<i>31 December 2020</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
942	717	256

15.2 The Company currently has 935 employees other than Directors.

15.3 During each of the accounting reference periods ending on the dates set out below Nordkalk and its subsidiaries had the following employees:

<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
<i>31 December 2020</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
817	870	1,002

15.4 Nordkalk currently has 825 employees other than Directors.

16. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been: (i) entered into by a member of the Enlarged Group within the two years immediately preceding the date of this document and are, or may be, material; or (ii) entered into by a member of the Enlarged Group and contain any provision under which any member of the Enlarged Group has any obligation or entitlement which is (or may be) material to the Enlarged Group as at the date of this document.

16.1 **The Company and its subsidiaries**

- (a) *Share Purchase Agreement dated 11 September 2019 between: (i) the Company and (ii) Mr Christophe de Limburg Stirum and Mr Jacques Emsens*

Pursuant to the agreement, the Company acquired the entire issued share capital of Belgian sea defence rock quarrying group, Stone Holding Company SA from Mr Christophe de Limburg Stirum and Mr Jacques Emsens. The acquisition took place in three stages. On 11 September 2019, the Company acquired 49 per cent. of the issued share capital in Stone Holding Company SA for a cash consideration of £563k (€658k). On 1 January 2020, the Existing Group acquired an additional 25 per cent. of the share capital of Stone for cash consideration of £312k (€339k) and on 7 August 2020 the Existing Group acquired the remaining 26 per cent. for £308k (€339). The agreement is governed by Belgian law.

- (b) *Agreement for disposal of non-core land dated 10 October 2019 between (i) Allen (Concrete) Limited; (ii) Dunzel Limited; and (iii) Robert Harverson and Karen Harverson (as varied on 31 December 2019)*

Pursuant to the agreement and as later varied, Allen (Concrete) Limited disposed of a non-core plot of land with a historical book value of £4 million for a cash consideration of £5.5 million, resulting in a net profit on disposal of £1.5 million. The land holdings formed part of the Existing Group's PPG platform and the Board considered that they were no longer of strategic value to the Company.

- (c) *Sale and Purchase Agreement dated 15 October 2019 between (i) the Company and (ii) Compagnie Benelux Participations (Cobepa) SA, Verlinvest SA, CDH Management SPRL*

Pursuant to the agreement, the Company agreed to purchase the entire issued share capital of CDH Management 2 SPRL and CDH Développement SA, holding companies of Carrières du Hainaut, from Compagnie Benelux Participations (Cobepa) SA Verlinvest SA and CDH Management SPRL for an enterprise value of €81.3 million, a multiple of 6.8x CDH's underlying EBITDA for the twelve month period ended 30 June 2019. The consideration for the acquisition was in aggregate €45.1 million, comprising an initial consideration of €29.1 million and deferred consideration of €16.0 million in cash, with €2.0 million paid on the first anniversary of completion of the proposed acquisition and €14.0 million to be paid on the second anniversary of completion. The agreement is governed by Belgian law.

- (d) *Placing Agreement dated 15 October 2019 between the Company and Liberum Capital Limited*

Pursuant to the agreement, Liberum Capital, acting as agent of the Company, raised gross proceeds of approximately £32.8 million through a placing of 79,921,640 new Ordinary Shares at a price of 41 pence per share. The Placing was effected by way of a cash placing and a vendor placing. £25.8 million (€29.1 million) of the proceeds raised were used to fund the initial consideration pursuant for the acquisition of Carrières du Hainaut, details of which are provided above. The agreement contained customary warranties and an indemnity given by the Company to Liberum Capital. The agreement is governed by the laws of England and Wales.

- (e) *Share Purchase Agreement dated 21 September 2020 between (i) the Company and (ii) Ian Harries and Janet Phillips*

Pursuant to the agreement, the Company acquired the remaining 60 per cent. equity interest in GDH (Holdings) Limited after exercising its exclusive option to do so, for cash consideration of £7.5 million. GDH (Holdings) Limited is a quarrying group located in South Wales.

- (f) *Placing Agreement dated 9 December 2020 between (i) the Company (ii) Liberum Capital and (iii) Peel Hunt*

Pursuant to the agreement, Peel Hunt and Liberum Capital, each acting as agent of the Company, raised gross proceeds of approximately £12.4 million through the issue of 24,312,737 Ordinary Shares at a price of 51 pence per share. The agreement contained customary warranties and an indemnity given by the Company to each of Peel Hunt and Liberum Capital. The agreement is governed by the laws of England and Wales.

- (g) *Senior Secured Facilities Agreement dated 21 December 200 between (1) the Company (2) SigmanFin Limited and Carriere's Du Hainaut SCA (as original borrowers) (3) certain other subsidiaries of the Company (as guarantors) (4) certain financial institutions (as original lenders) (5) Santander UK plc (as mandated lead arranger and documentation agent) (6) Banco Santander, S.A., London Branch (SLB) (as agent) and (7) Santander UK plc (as security agent)*

Pursuant to the agreement, Santander UK and several other UK and European banks, as syndicated lenders, made available to the Company a multi-currency senior secured credit facilities of up to £125 million, which comprises a £50 million committed term facility, a £20 million committed acquisition/capex facility, a revolving credit facility of up to £15 million an uncommitted incremental acquisition/cap ex facility of up to £40 million for a term of 5 years, non-amortising during the first three years. Interest is charged at 2.5 per cent. Margin over LIBOR at 2 x net debt to underlying EBITDA.

- (h) *Transaction Agreement and Sales Agreement dated 23 March 2021 between the Company and SA Holcim (Belgique) – Holcim (Belgie)*

Pursuant to the agreements, the Company assumed control of LafargeHolcim's quarrying operations, which were co-located at the Existing Group's Carrières du Hainaut Belgian business. On 1 April 2021, the Company took over all of LafargeHolcim's production installations located at Carrières du Hainaut for nil consideration. The Company agreed to supply LafargeHolcim Belgium with a minimum of 1.5 million tonnes of aggregates per year until 31 December 2024, under a take or pay agreement, for which the Company will charge a production margin. Additional volumes produced are subject to a pre-emption right by LafargeHolcim or to be utilised by SigmaRoc. The agreement is governed by the laws of Belgium.

- (i) *Share Purchase Agreement dated 6 April 2021 between (i) the Company and (ii) Groep Janssens and Johnny Janssens*

Pursuant to the agreement, the Company acquired Belgian concrete and aggregates companies B-Mix Beton NV, J&G Overslag en Kraanbedrijf BV and TOP POMPING NV, as well as Casters Beton NV from Groep Janssens N.V. for a combined cash consideration of €13 million. The SPA is governed by Belgian law and is written in Dutch. The competent courts are the Dutch-speaking courts of Brussels

- (j) *Joint venture agreement with Carrières du Boulonnais dated 11 June 2021*

The agreement made between Carrières du Boulonnais and CDH Développement SA ("**CDHD**") relating to Granulats du Hainaut SA (formerly CDH International) ("**GDH**"), relates to (i) the entry of CdB in the capital of GDH as (minority) Shareholder (for a stake equivalent to 25.01 per cent.) and (ii) the relationship between CdB and CDHD in relation to the governance of GDH and (iii) certain service agreements with (a) Carrières du Hainaut ("**CDH**"), (b) CDHD, (c) Stone Holding Company SA ("**SHC**") and (d) CdB.

The share capital of GDH has been divided into two classes of shares (class A and B shares) and consists of a total of 10,000 shares (all having the same rights attached thereto). CDHD holds 7,499 class A shares (=74.99 per cent.), and CdB has been attributed 2,501 class B shares (=25.01 per cent.), in return for a capital increase for in total €5 million. CdB benefits from a legal / blocking minority for structural decisions (any amendment to the articles of association, including change to the share capital, merger/ demerger, liquidation of the company, etc.). The agreement provides for limited transferability of class A and B shares. No shares may be pledged or encumbered.

CDHD may propose three directors (out of 5), CdB the remaining two (ensuring that CDHD holds the majority in the board of GDH). The directors appointed by CDHD have a casting vote.

The agreement contains a list of reserved matters (material decisions relating to the business) for which unanimous consent of the directors (re)present(ed) at the meeting is required, on the understanding that at least half of directors need to be present (including at least 2 CDHD directors). A deadlock mechanism is foreseen in the agreement in case no unanimous consent may be reached.

CDHD, with Mr. Pascal Lesoinne as representative, has been appointed as daily manager. SHC (through Mr. Benoît Vanolst) has been appointed as operational manager.

CDHD and CdB undertake to provide the necessary financing for the future needs of GDH, including through (i) Shareholder loans and/or current accounts (€3.75 million for CDHD and €1.25 million for CdB) and (ii) bank loans up to €10m (which CDHD and CdB will guarantee) and/or financial leases.

The joint venture will be in existence for an initial term of 20 years, renewable for another period of 10 years (unless such renewal has been refused by one of the parties, taking into account a 6 months' notice). The agreement will however only remain in effect so long as CDHD, resp. CdB, remain Shareholders of the Company to the extent of 74.99 per cent., resp. 25.01 per cent. In case of insolvency or a serious (non-remedied) breach of the agreement, the agreement may be terminated early.

The agreement is governed by Belgian law. The parties agree to attempt to resolve any disputes first through mediation (by application of CEPANI mediation rules, in Brussels, with French as the mediation language). In case the dispute cannot be settled, it will be settled through arbitration (CEPANI, three arbitrators, in Brussels, with French as the arbitration language).

- (k) *Nordkalk Share Purchase Agreement dated 15 July 2021 between (i) the Company and (ii) the Seller*

The Nordkalk Share Purchase Agreement is summarised in Part A of Part II of this document.

- (l) *NK East Share Purchase Agreement dated 15 July 2021 between (i) the Company and (ii) Nordkalk*

The NK East Share Purchase Agreement is summarised in Part B of Part II of this document.

- (m) *Placing Agreement dated 15 July 2021 between (i) the Company (ii) the Nominated Adviser and (iii) each of the Joint Bookrunners*

Pursuant to the Placing Agreement, the Joint Brokers have each agreed, subject to certain conditions including Admission, as agent for the Company, to use their reasonable endeavours to procure Placees for the Placing Shares at the Placing Price. The Placing Agreement is conditional on, *inter alia*, Admission.

The Placing Agreement contains certain customary representations and warranties from the Company in favour of the Nominated Adviser and the Joint Brokers, as to the accuracy of the information in this document and certain other matters concerning the Company and an indemnity from the Company to the Nominated Adviser and the Joint Brokers and their affiliates in respect of certain liabilities and claims that may arise or be made against them in connection with the Placing and Admission.

The Company has agreed to pay the Nominated Adviser and the Joint Brokers certain fees and commissions in connection with the Placing and Admission and certain costs and expenses of the Placing and Admission, together with any applicable VAT.

The Nominated Adviser and the Joint Brokers have the right to terminate the Placing Agreement prior to Admission in certain circumstances, including, *inter alia*, any breach by the Company of its obligations or warranties in the Placing Agreement or in certain force majeure situations. If the Placing Agreement is terminated, the Placing will not proceed and no Placing Shares will be issued. The Placing Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

16.2 **Nordkalk and its subsidiaries**

- (a) *Suomen Karbonaatti Oy's ("SKOY") Shareholders' Agreement dated 30 August 1988 (further amended on 1 November 2011) between Nordkalk Oy Ab with 51 per cent. ownership and Omya (Switzerland) Ltd with 49 per cent. ownership*

The purpose of SKOY is to maintain a manufacturing capacity in Eastern Finland for the ground micronized calcite marble slurry for paper-coating and filling purposes ("**Products**") and furthermore to produce and market the Products for paper-coating and filling purposes. SKOY will not engage in any other line of business without the approval of the shareholders. SKOY's primary market will be the paper industry in Finland. All decisions of the shareholders require unanimous agreement.

Financing: In the event that SKOY is unable to give sufficient security over its own assets that covers the liability, the shareholders will provide guarantees in proportion to their shareholdings.

SKOY's board of directors shall consist of three ordinary members along with three personal deputy members. Nordkalk Oy Ab has the right to nominate two members of the board and personal deputy members for them, and Omya (Switzerland) Ltd has the right to nominate one member of the board and a personal deputy member for him. The chairman of the board is appointed for each term by the shareholders in turn every year, unless it has otherwise been agreed by unanimous decision. The board makes its decisions in accordance with the views of its majority, unless otherwise stated in the Shareholders Agreement (the Shareholders' Agreement includes a list of matters that require unanimous decision by the board).

Prohibition of partial sale: Each shareholder is prohibited from selling a proportion of their shares unless such sale is made to the other shareholder or with the prior written consent of the other shareholder.

The shareholders may dispose of their interests in SKOY in accordance with the following procedure: The shareholder wishing to sell or otherwise dispose of its shares must first offer such shares to the other shareholder and provide details of any third party sale terms. The other shareholder has ninety (90) days from the date of receipt of the offer to purchase all of shares held by the other party. The purchase price shall be the book value of the shares as of the end of the month immediately preceding the month in which such notice is given, such value to be determined by the external auditor appointed under Article 5.5 of the Shareholder's Agreement. The value determined by the external auditor shall be binding for the shareholders.

The Shareholders' Agreement contains a non-compete pursuant to which the parties may not directly or indirectly join any competing venture in Finland producing or marketing ground micronized calcite marble slurry for paper coating and filling purposes as long as the Shareholders' Agreement is in force and for three years after its expiry.

The Shareholders' Agreement is governed by Finnish law and it includes customary terms relating to, *inter alia*, management, non-confidentiality, term and termination, arbitration, assignment, severability and waiver.

- (b) *NKD Holding Oy's ("NKD") Shareholders' Agreement dated 12 October 2017 between (i) Nordkalk Oy Ab with 51 per cent. ownership and (ii) Estonian company Debalma OÜ (49 per cent. ownership)*

NKD is the 100 per cent. owner of Nordeka Madan Anonim Sirket, a company duly-organised and existing under the laws of Turkey ("**Nordeka**"). The purpose of the Shareholders' Agreement is to set out the rights and obligations of the parties as the Shareholders of NKD, their rights and obligations in relation to the corporate governance of NKD as well as in relation to exercising control over Nordeka.

The Shareholders' Agreement includes restrictions on share transfers, pre-emption rights and tag-along rights.

Based on the NKD Articles of Association, there are G Class Shares in the NKD. The Company has issued one G Class Share and Debalma has subscribed for the G Class Share. Based on

the Company Articles of Association, the G Class Share does not bear any administrative rights, such as voting rights, or right to dividend.

If, by 12 October 2027, it is resolved that Nordeka makes a lime kiln investment and Nordeka obtains the requisite permits in respect of the same, Nordkalk shall acquire the G Class Share held by Debalma on the following terms: (i) The purchase price of the G Class Share shall be one million and seven hundred thousand euros (€1,700,000) and (ii) The G Class Share shall be acquired and the purchase price shall be paid within fifteen (15) days as of the resolution regarding the lime kiln investment or the necessary permits being obtained, whichever is later. In the event that such investment is not resolved by 12 October 2027, the G Class Share shall be acquired for nil consideration.

The Shareholders' Agreement includes call option and put option. At any time after 12 October 2032 (being the fifteenth anniversary of the effective date) Debalma OÜ shall have the right to demand Nordkalk oy Ab acquire its shares in NKD at an option price calculated based on a mechanism included in the Shareholders' Agreement.

Whilst each party holds shares and for a period of two years following the disposal of their interest, each party shall undertake not to establish, acquire or otherwise be involved in, directly or indirectly, any business operations in relation to (a) burnt limestone in the Turkish provinces (il) of Canakkale, Balikesir, Bursa and Tekirdag and (b) unburnt limestone in the Turkish counties (ilce) of Biga, Lapseki, Gelibolu and Can within the Turkish province (il) of Canakkale and the Turkish counties (ilce) of Bandirma and Gönen within the Turkish province (il) of Balikesir that are identical or similar to or otherwise in competition with, the business activities conducted by Biga Maden and/or Debalma as of the 12 October 2017 and those to be conducted by Nordeka.

In the event a Shareholder breaches any of its obligations under Section VI (Transfer of Shares and Exit Conditions), Section 8.1 (Non-Compete and Non-Solicitation) or, for a Defaulting Shareholder, Section 9.2.4 (Sale of Shares) of the agreement, the defaulting Shareholder shall pay to the non-defaulting Shareholder an amount of five hundred thousand euros (€500,000) for each breach, as a penalty.

The Shareholders' Agreement includes clauses describing the procedure in case of a deadlock situation.

The Shareholders' Agreement is governed by Finnish law and it includes customary terms relating to, *inter alia*, the management of NKD and Nordeka, non-confidentiality, term and termination, arbitration assignment, severability and waiver.

- (c) *Investment Agreement dated 10 April 2017 between (i) Nordkalk (as seller) (ii) Debalma Oü (as purchaser) and (iii) NKD (as company) for the purchase and subscription of shares in NKD ("Investment Agreement")*

The Investment Agreement established a joint venture in Finland to operate and exploit a mining licence in Turkey owned by a Turkish company, Biga Maden Sanayi ve Ticaret Limited Sirketi. NKD owns 100 per cent. of the share capital of the Turkish company Nordeka Maden Anonim Sirketi ("**Nordeka**") to which the mining licence is to be transferred as part of the arrangement.

Pursuant to the terms of the Investment Agreement, Debalma Oü bought 49 per cent. of the A class shares in NKD from Nordkalk and subscribed for a sole G class share in NKD.

The purchase price for the A class shares was: (i) €1,225; plus (ii) an amount equal to Euro Licence Transfer Price minus €9,200,000 provided that this number is equal to or higher than zero.

Nordkalk entered into an Equity Investment Agreement dated 12 October 2017, made between Nordkalk and NKD by which Nordkalk converted a loan of 36 million Turkish Liras granted by a loan agreement of 19 April 2017 to NKD into a capital contribution to the equity of NKD.

(d) *Shareholder loan facility agreements*

Loan Agreement dated 19 April 2017 between (i) NKD Holding (as lender) and (ii) Nordeka Maden A.S (as borrower). Pursuant to the agreement, NKD Holding made available to Nordeka Maden A.S. a loan equivalent to €2,000,000 (7.9 million Turkish Liras). The loan is for the provision of working capital to the borrower. The repayment of the loan is stated to take place by five equal instalments of 1,580,000 Turkish Liras starting from the first anniversary of the first draw down of the loan and the last instalment being payable on the fifth anniversary of the draw down of the loan. Annual interest of the loan is 15 per cent.

Loan agreement dated 19 April 2017 between NKD Holding (as lender) and Nordeka Maden A.S (as borrower) for a loan of 36 million Turkish Liras. The loan is to facilitate the acquisition of a mining license and payments necessary to implement the acquisition of the license. The loan will be converted into equity once the acquisition of the license has taken place. Annual interest of the loan is 0 per cent.

Amortising term loan agreement dated 31 January 2018 between NKD Holding (as lender) and Nordeka Maden A.S (as borrower) for a loan of 16 million Turkish Liras. The loan is for the provision of working capital to the borrower. The repayment of the loan is by four equal instalments of 4 million Turkish Liras starting from the second anniversary of the first draw down of the loan and the last instalment being payable on the fifth anniversary of the draw down of the loan. Annual interest of the loan is 15 per cent.

Loan agreement dated 12 January 2018 between NKD Holding (as borrower) and Depalma Oü (as lender) for €1,682,400. The loan is for the provision of working capital to the borrower. The repayment of the loan is stated to take place by four equal instalments of €420,600 starting from the second anniversary of the first draw down of the loan and the last instalment being payable on the fifth anniversary of the draw down of the loan. Annual interest of the loan is 5.6 per cent.

(e) *Global Cash Pool Agreement*

Nordkalk has entered into a global cash pool arrangement between Nordkalk and Nordea Bank Abp, filial i Sverige. The cash pool arrangement comprises a cash pool agreement, together with an intra-day limit agreement and an agreement for multicurrency functionality with credit facility. The purpose of the global cash pool arrangement is to: (i) enable the Nordkalk Group to spread its liquidity cross-border across multiple jurisdictions in order to reduce the requirement for external financing; (ii) provide Nordkalk with the ability to withdraw funds in one currency against funds held with Nordea by Nordkalk in another currency; and (iii) provide Nordkalk with credit facility to be used for general corporate purposes, which facilitates the management and administration of the aggregate liquidity of Nordkalk.

Any participation in the cash pool arrangement by an Authorised Operator/Participant may be terminated by Nordea given thirty (30) days written notice or with immediate effect should the relevant entity cease to be a part of the Nordkalk Group. Should any party to the arrangements cease to be an Authorised Operator/Participant, the relevant transaction accounts may be terminated by Nordea. Further, both Nordea and Nordkalk may terminate the arrangements without cause by giving the other party no less than three (3) months' written notice.

The cash pool arrangement is governed by the laws of Sweden.

(f) *Joint venture agreement relating to Kalkproduktion Storugns AB ("KSAB")*

A joint venture agreement was made between Cementa AB, A/S Faxe Kalkbrud, and Oy Partek Ab relating to the ownership of KSAB. Nordkalk AB is a party to the arrangements as landlord and supplier to KSAB.

Pursuant to the terms of the JV arrangement, KSAB is obligated to construct a facility on Nordkalk AB's property. Further, KSAB shall rent land and services from Nordkalk AB in accordance with a separate service agreement. Nordkalk AB cannot terminate the service agreement while the JVA is still in force.

KSAB has entered into a separate supply agreement with Nordkalk AB under which Nordkalk AB shall supply KSAB with limestone. The supply agreement cannot be terminated by Nordkalk AB while the JVA is still in force. The termination date of the JVA was 31 December 2008 but is renewed five (5) years at a time if it is not terminated by two of the three parties.

(g) *Shareholders' agreement dated 20 January 2005 relating to Movab AB*

Nordkalk AB owns 975 shares (19.50 per cent.) in the issued share capital of Movab AB. The principal terms of the agreement are: (i) the parties cannot transfer their shares in Movab AB without the written consent of the other parties to the agreement; (ii) Nordkalk AB is permitted to transfer its shares intra-group, provided it notifies the other parties to the agreement; (iii) in the event that a shareholder wishes to transfer its shares to another party, it must first offer those shares to the existing shareholders of Movab AB; (iv) in the event that a shareholder commits a material breach of the agreement, the other shareholders have the right to redeem the shares of the defaulting party; (v) Nordkalk AB is entitled to appoint one (1) out of five (5) board directors and one (1) out of four (4) deputy board directors in Movab AB. The agreement terminated on 31 December 2014, however there is an agreement in principle to enter a new Shareholders' Agreement.

(h) *Distribution agreement dated 31 May 2006 between NorFraKalk and Nordkalk (the "Distribution Agreement")*

Pursuant to the terms of the Distribution Agreement, Nordkalk and any company which Nordkalk holds more than a 50 per cent. ownership interest in, has a non-exclusive right to market and sell NorFraKalk's products.

Nordkalk undertakes, and has a right to, purchase at least 180,000 tonnes per year of NorFraKalk's products. If this volume is not purchased by Nordkalk, Nordkalk shall reimburse NorFraKalk's costs incurred to maintain capacity for the remaining volume of the yearly volume of 180,000 tons. In the event that Nordkalk does not take up its 180,000 tonnes allocation, Franzefoss Minerals SA has the ability to sell any remaining proportion, which will remove any liability on the part of Nordkalk to NorFraKalk. The pricing of the sale of products is subject to an agreed pricing model further described in the agreement.

NorFraKalk warrants that the quality of the products sold at all times under the Distribution Agreement, complies with the quality specifications agreed between the parties.

The agreement is governed by Norwegian law.

(i) *Addendum to the Distribution Agreement dated 9 March 2021*

The addendum to the Distribution Agreement adjusts the take or pay volume in the Distribution Agreement between the parties. If Nordkalk does not purchase the requisite volume, Nordkalk will compensate NorFraKalk for the costs incurred to maintain a yearly capacity of 180,000 tons. The addendum contains further information on how any compensation shall be calculated and any adjustments to the take or pay volume in certain scenarios. The Distribution Agreement shall be valid for a minimum of 25 years from the production start in NorFraKalk, or as long as Nordkalk is a shareholder in NorFraKalk.

(j) *Shareholders' Agreement for Norfrakalk dated 5 August 2004 between (i) Nordkalk and (ii) Franzefoss Minerals AS*

Pursuant to the agreement, the parties agree that the establishment and operations of NorFraKalk shall be based on deliveries of limestone from Verdalskalk. Franzefoss Minerals shall deliver all limestone to NorFraKalk's production unit from Verdalskalk through its subsidiary Franzefoss Miljøkalk in accordance with agreements in force with Verdalskalk. The limestone price is subject to an agreed pricing model, which is updated each year.

NorFraKalk's board consists of four directors with each shareholder appointing two directors. If the ownership interests of the Shareholders change, the number of directors that each shareholder can appoint, shall to the extent possible reflect the new ownership interest. The right to appoint the chair of the board shall rotate between the shareholders yearly. The

agreement contains provisions setting out which resolutions shall require a qualified majority vote. The chair does not have a decisive vote in case of a tie.

The Shareholders' Agreement stipulates that NorFraKalk is a production company for its shareholders, and that separate distribution agreements with the shareholders shall be entered into. The pricing model for the products sold under the distribution agreements is described in the agreement.

If a shareholder wants to transfer its shares, each of the other shareholders have the right of first refusal and the Shareholders' Agreement contains customary provisions regarding the right of first refusal procedure.

The daily management, operations, EHS, quality assurance, accounting and IT-matters shall be the responsibility of the Franzefoss group, and the Franzefoss group shall receive compensation for the work carried out in this regard.

The agreement contains provisions regarding the handling of disagreements between the shareholders. The agreement is governed by Norwegian law.

(k) *Distribution agreement dated 27 November 2003 made between (i) Nordkalk and (ii) Verdalskalk*

Pursuant to the agreement, Nordkalk is granted a non-exclusive right to market and sell products manufactured by Verdalskalk. The prices payable by Nordkalk to Verdalskalk are set out in a separate price list, to be updated annually.

Verdalskalk undertakes and warrants that the quality of the products sold at all times under the agreement, complies with the quality specifications agreed between the parties.

The agreement is in force as long as Nordkalk is a shareholder of Verdalskalk. Either party can terminate the agreement if the other party commits a material breach of the agreement, is unable to pay its debt and certain consequences thereof occurs or seizes to carry out business. According to the agreement, written consent to any change of control in either party is required.

The agreement is governed by Norwegian law.

(l) *Shareholders' agreement for Verdalskalk dated 27 November 2003 between (i) Nordkalk; (ii) Franzefoss Bruk AS and (iii) Faxø Kalk A/S*

Pursuant to the agreement, Verdalskalk shall have six directors with two directors appointed by Franzefoss Bruk AS. Faxø Kalk A/S and Nordkalk are entitled to appoint one director each, and the employees of Verdalskalk are entitled to appoint two directors. All directors have one vote each, and the chair (being a director appointed by Franzefoss Bruk AS) has the decisive votes in the event of a tie. The agreement contains a provision stating that if one shareholder has a requirement for lime or limestone products requiring investments exceeding NOK5 million, the other shareholders may require a profitability guarantee from such shareholder. If such guarantee is provided, the other shareholders may not vote down the required investment.

The agreement further provides a right for the shareholders to distribute the products of Verdalskalk as long as they remain shareholders.

At the time when the Shareholders' Agreement was entered into, Franzefoss Bruk AS rendered management services to Verdalskalk based on a separate agreement, and each of the other shareholders may require the termination of the management agreement at any time.

If a shareholder wants to transfer its shares, each of the other shareholders have the right of first refusal and the Shareholders' Agreement contains customary provisions regarding the right of first refusal procedure, allocation of shares and pricing.

The agreement is governed by Norwegian law.

17. RELATED PARTY TRANSACTIONS

17.1 During the period covered by the historical financial information and up to the date of this document, the Company entered into the following related party transactions:

(a) 1 January 2021 to the date of this document:

- (i) Westend Corporate LLP (formerly Heytesbury Corporate LLP), a limited liability partnership of which Garth Palmer is a partner, entered into a letter agreement with the Company dated 4 May 2021 pursuant to which it agreed to provide certain corporate management and financial consultancy services to the Company in connection with the Acquisition for an agreed fee of £150,000 plus VAT and disbursements.

(b) Financial year ending 31 December 2020:

- (i) Loans with Group Undertakings: Amounts receivable/(payable) as a result of loans granted to/(from) subsidiary undertakings are as follows:

<i>Company</i>	<i>As at 31 December 2020 (£)</i>
Ronez Limited	(12,878,274)
SigmaGsy Limited	(4,455,066)
SigmaFin Limited	(7,138,810)
Topcrete Limited	(8,178,013)
Poundfield Products (Group) Limited	6,363,536
Foelfach Stone Limited	457,326
CCP Building Products Limited	5,785,781
Carrières du Hainaut SCA	(6,186)
GDH (Holdings) Limited	1,233,517
Stone Holding Company SA	368,321
	<u>(18,447,868)</u>

Loans granted to or from subsidiaries are unsecured, interest free and repayable in Pounds Sterling on demand from the Company. All intra Group transactions are eliminated on consolidation.

- (ii) Westend Corporate LLP (formerly Heytesbury Corporate LLP), a limited liability partnership of which Garth Palmer is a partner, invoiced a total fee of £249,997 for the provision of corporate management and consulting services to the Company. No balance was outstanding at the year-end.
- (iii) Druces LLP, a limited liability partnership of which Dominic Traynor (a Non-Executive Director of the Company until 18 May 2020) is a partner, invoiced a fee of £65,542 for the provision of legal services for acquisitions. No balance was outstanding at the year-end.
- (iv) Julia Traynor, the wife of Non-Executive Director Dominic Traynor, invoiced a fee of £26,250 for the provision of administrative and legal services to the Company in relation to prospective acquisitions. No balance was outstanding at the year-end.
- (v) Patrick Dolberg (a Non-Executive Director of the Company until 18 May 2020) invoiced a fee of £45,000 for the provision of consulting services to the Company in relation to prospective acquisitions. No balance was outstanding at the year-end.

(c) Financial year ending 31 December 2019

- (i) Loans with Group Undertakings: Amounts receivable/(payable) as a result of loans granted to/(from) subsidiary undertakings are as follows:

<i>Company</i>	<i>As at 31 December 2019 (£)</i>
Ronez Limited	(9,625,760)
SigmaGsy Limited	(3,014,167)
SigmaFin Limited	(8,756,846)
Topcrete Limited	(1,022,931)
Poundfield Products (Group) Limited	7,088,761
Foelfach Stone Limited	442,858
CCP Building Products Limited	6,372,333
Carrières du Hainaut SCA	1,681,820
	<u>(6,833,932)</u>

Loans granted to or from subsidiaries are unsecured, interest free and repayable in Pounds Sterling on demand from the Company. All intra Group transactions are eliminated on consolidation.

- (ii) Westend Corporate LLP (formerly Heytesbury Corporate LLP), a limited liability partnership of which Garth Palmer is a partner, invoiced a total fee of £370,000 for the provision of corporate management and consulting services to the Company which included £285,000 for services relating to acquisitions of CCP, GD Harries, Stone and CDH. A balance of £178,477 was outstanding at the year-end.
- (iii) Druces LLP, a limited liability partnership of which Dominic Traynor (a Non-Executive Director of the Company until 18 May 2020) is a partner, invoiced a fee of £330,072 for the provision of legal services for acquisitions. No balance was outstanding at the year-end.
- (iv) Julia Traynor, the wife of Non-Executive Director Dominic Traynor, invoiced a fee of £40,000 for the provision of administrative and legal services to the Company in relation to prospective acquisitions. No balance was outstanding at the year-end.
- (v) Patrick Dolberg (a Non-Executive Director of the Company until 18 May 2020) invoiced a fee of £45,000 for the provision of consulting services to the Company in relation to prospective acquisitions. No balance was outstanding at the year-end.
- (vi) Michael Roddy, a Director of subsidiary companies, was loaned £6,000 in August 2019 by Allen (Concrete) Limited. The loan was for a period of 12 months to be repaid by 12 monthly instalments starting October 2019. A balance of £4,000 was outstanding at the year-end.

(d) Financial year ending 31 December 2018

- (i) Loans with Group Undertakings: Amounts receivable/(payable) as a result of loans granted to/(from) subsidiary undertakings are as follows:

<i>Company</i>	<i>As at 31 December 2018 (£)</i>
Ronez Limited	(4,995,129)
SigmaGsy Limited	(1,995,066)
SigmaFin Limited	50,336,445
Topcrete Limited	(850,425)
Poundfield Products (Group) Limited	4,799,580
Foelfach Stone Limited	91,800
	<u>47,387,205</u>

Loans granted to or from subsidiaries are unsecured, interest free and repayable in Pounds Sterling on demand from the Company. All intra Group transactions are eliminated on consolidation.

- (ii) Westend Corporate LLP (formerly Heytesbury Corporate LLP), a limited liability partnership of which Garth Palmer is a partner, invoiced a total fee of £85,000 for the

provision of corporate management and consulting services to the Company. A balance of £8,557 was outstanding at the year-end.

- (iii) Druces LLP, a limited liability partnership of which Dominic Traynor (a Non-Executive Director of the Company until 18 May 2020) is a partner, invoiced a fee of £177,302 for the provision of legal services for acquisitions. A balance of £119,659 was outstanding at the year-end.
- (iv) Ronaldsons LLP, a limited liability partnership of which Dominic Traynor was a partner, invoiced a fee of £10,000 for the provision of legal services. No balance was outstanding at the year-end.
- (v) Patrick Dolberg (a Non-Executive Director of the Company until 18 May 2020) invoiced a fee of £45,000 for the provision of consulting services to the Company in relation to prospective acquisitions. No balance was outstanding at the year-end.
- (vi) Michael Roddy, a Director of subsidiary companies, was loaned £5,000 in September 2018 by Allen (Concrete) Limited. The loan was for a period of 12 months to be repaid by 9 monthly instalments starting January 2019. A balance of £5,000 was outstanding at the year-end.

17.2 During the period covered by the historical financial information, Nordkalk entered into the following related party transactions, which has been extracted from the financial statements included in the Appendix to this document:

- (a) 1 January 2021 to the date of this document:
 - (i) There have been no material related party transactions outside of the Nordkalk Group with the exception of Nordkalk paying dividends to the Rettig Group of €11.1m.
- (b) Financial year ending 31 December 2020:
 - (i) Loans and transactions with Nordkalk Group undertakings are as follows:

	<i>Balances</i> <i>As at 31</i> <i>December 2020</i> <i>(€'000s)</i>	<i>Transactions</i> <i>Year ended 31</i> <i>December 2020</i> <i>(€'000s)</i>
Sales of goods and services		
Rettig Group Oy Ab	80	159
Joint venture companies	0	150
Purchases of goods and services		
Rettig Group Oy Ab	96,120	3,222
Joint venture companies	541	3,123
Joint venture loans and interest	—	7
	<hr/>	<hr/>

- (ii) Key management compensation comprised the following:

	<i>Year ended</i> <i>31 December 2020</i> <i>(€'000s)</i>
President and CEO	584
Board of Directors	155
Other key management team	1,679
	<hr/>
	<u>2,417</u>

(c) Financial year ending 31 December 2019:

(i) Loans and transactions with Nordkalk Group undertakings are as follows:

	<i>Balances As at 31 December 2019 (€'000s)</i>	<i>Transactions Year ended 31 December 2019 (€'000s)</i>
Sales of goods and services		
Rettig Group Oy Ab	13,688	244
Joint venture companies	70	177
Purchases of goods and services		
Rettig Group Oy Ab	105,758	4,171
Joint venture companies	1,058	2,317
Joint venture loans and interest	406	45
	<hr/>	<hr/>

(ii) Key management compensation comprised the following:

	<i>Year ended 31 December 2019 (€'000s)</i>
President and CEO	392
Board of Directors	196
Other key management team	1,504
	<hr/>
	2,092
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(d) Financial year ending 31 December 2018:

(i) Loans and transactions with group undertakings are as follows:

	<i>Balances As at 31 December 2018 (€'000s)</i>	<i>Transactions Year ended 31 December 2018 (€'000s)</i>
Sales of goods and services		
Rettig Group Oy Ab	21,422	176
Joint venture companies	70	237
Purchases of goods and services		
Rettig Group Oy Ab	111,488	5,042
Joint venture companies	–	2,317
Joint venture loans and interest	804	43
	<hr/>	<hr/>

(ii) Key management compensation comprised the following:

	<i>Year ended 31 December 2018 (€'000s)</i>
President and CEO	439
Board of Directors	40
Other key management team	1,646
	<hr/>
	2,125
	<hr/>

18. LITIGATION

Other than in respect of the litigation which is described under the heading, "Nordkalk AB is involved in a major dispute with the Swedish state" in Part III of this document, no member of the Enlarged Group is or

has been involved in any governmental, legal or arbitration proceedings, and the Company is not aware of any such proceedings pending or threatened by or against any member of the Enlarged Group, which may have or have had during the twelve months preceding the date of this document a significant effect on the financial position or profitability of the Enlarged Group.

19. NO SIGNIFICANT CHANGE

- 19.1 Save for matters disclosed in this document, and as announced by the Company and disclosed in the paragraph below of this Part VII, there has been no significant change in the financial or trading position of the Company since 31 December 2020, being the date to which its last audited accounts were prepared.
- 19.2 The Company has entered into the following significant transactions since 31 December 2020, which it has released on its website via its regulatory news page:
- (a) The Company entered into the LH Agreement to assume control of LafargeHolcim's quarrying operations, which are co-located at the Group's Carrieres du Hainaut ('CDH') Belgian business providing a platform for the expansion of SigmaRoc's European aggregates business. This was as announced on 26 March 2021, details of which are included in paragraph 16.1(h) of this Part VII.
 - (b) The Company acquired Belgian concrete and aggregates companies B-Mix Beton NV, J&G Overslag en Kraanbedrijf BV and TOP POMPING NV, as well as Casters Beton NV from Groep Janssens N.V. for a combined cash consideration of €13 million, details of which are included in paragraph 16.1(i) of this Part VII.
 - (c) The Company entered into a joint venture agreement with Calais based high grade limestone and construction materials company, Carrieres du Boulonnais, which became a 25 per cent. shareholder in Granulats du Hainaut, with the aim of expanding into a Benelux and Northern France wide supplier of limestone products. As part of the joint venture, Carrieres du Boulonnais agreed to co-fund the new crushing and screening installations at the Existing Group's aggregates operations at CDH, details of which are included in paragraph 16.1(j) of this Part VII.
- 19.3 Save for matters disclosed in this document, there has been no significant change in the financial or trading position of Nordkalk since 31 December 2020, being the date to which its last audited accounts were prepared.

20. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry, and taking into account the proceeds of the Placing, that the Company and the Enlarged Group will have sufficient working capital for its present requirements, that is for at least 12 months from the date of Admission.

21. TAXATION

21.1 *Taxation in the UK*

The following information is based on UK tax law and HMRC practice currently in force in the UK. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The information that follows is for guidance purposes only.

Any person who is in any doubt about his or her position should contact their professional advisor immediately.

21.2 *Tax treatment of UK investors*

The following information, which relates only to UK taxation, is applicable to persons who are resident in the UK and who beneficially own Ordinary Shares as investments and not as securities to be realised in the course of a trade. It is based on the law and practice currently in force in the UK. The information is not exhaustive and does not apply to potential investors:

- (i) who intend to acquire, or may acquire (either on their own or together with persons with whom they are connected or associated for tax purposes), more than 10 per cent., of any of the classes of shares in the Company; or
- (ii) who intend to acquire Ordinary Shares as part of tax avoidance arrangements; or
- (iii) who are in any doubt as to their taxation position.

Such Shareholders should consult their professional advisers without delay. Shareholders should note that tax law and interpretation can change and that, in particular, the levels, basis of and reliefs from taxation may change. Such changes may alter the benefits of investment in the Company.

Shareholders who are neither resident nor temporarily non-resident in the UK and who do not carry on a trade, profession or vocation through a branch, agency or permanent establishment in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on dividends paid by the Company or on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

21.3 **Dividends**

Where the Company pays dividends no UK withholding taxes are deducted at source, Shareholders who are resident in the UK for tax purposes will, depending on their circumstances, be liable to UK income tax or corporation tax on those dividends. UK resident individual Shareholders who are domiciled in the UK, and who hold their Shares as investments, will be subject to UK income tax on the amount of dividends received from the Company.

Dividend income received by UK tax resident individuals will have a £2,000 annum dividend tax allowance. Dividend receipts in excess of £2,000 will be taxed at 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers, and 38.1 per cent. for additional rate taxpayers. Shareholders who are subject to UK corporation tax should generally, and subject to certain anti-avoidance provisions, be able to claim exemption from UK corporation tax in respect of any dividend received but will not be entitled to claim relief in respect of any underlying tax.

21.4 **Disposals of Ordinary Shares**

Any gain arising on the sale, redemption or other disposal of Ordinary Shares will be taxed at the time of such sale, redemption or disposal as a capital gain. The rate of capital gains tax on disposal of Ordinary shares by basic rate taxpayers is 10 per cent. and for higher rate and additional is 20 per cent. For Shareholders within the charge to UK corporation tax, indexation allowance up until 1 January 2018 may reduce any chargeable gain arising on disposal of Ordinary Shares but will not create or increase an allowable loss. Subject to certain exemptions, the corporation tax rate applicable to its taxable profits is currently 19 per cent. However, pursuant to the Finance Act 2021, it was announced that the rate will increase to 25 per cent. on 1 April 2023.

21.5 **Further information for Shareholders subject to UK income tax and capital gains tax**

(a) *“Transactions in securities”*

The attention of Shareholders (whether corporates or individuals) within the scope of UK taxation is drawn to the provisions set out in, respectively, Part 15 of the Corporation Tax Act 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007, which (in each case) give powers to HM Revenue and Customs to raise tax assessments so as to cancel “tax advantages” derived from certain prescribed “transactions in securities”.

(b) *Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)*

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or SDRT or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares. Neither UK stamp duty nor SDRT should arise on transfers of Ordinary Shares on AIM (including instruments transferring Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- (i) the Shares are admitted to trading on AIM, but are not listed on any market (with the term “listed” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- (ii) AIM continues to be accepted as a “recognised growth market” as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or SDRT may apply to transfers of Ordinary Shares in certain circumstances.

Any transfer of Sale Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or SDLT. The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS OF THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO HIS TAX POSITION OR WHERE HE IS RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT HIS PROFESSIONAL ADVISER.

22. GENERAL

- 22.1 The net proceeds of the Placing are expected to be £241.9 million. The total costs and expenses relating to Admission are payable by the Company and are estimated to amount to approximately £18.1 million (including applicable VAT).
- 22.2 The Ordinary Shares have been admitted to trading on AIM since 3 August 2015. Apart from the application for Admission, no application will be made for dealings in the New Ordinary Shares on any recognised investment exchange.
- 22.3 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Company.
- 22.4 Save as disclosed in this document, so far as the Directors are aware, there have not, in relation to the Company, been: any significant recent trends in production, sales, inventory, costs and selling prices between the end of the last financial year of the Company and the date of this document; or any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on the Company's prospects for at least the current financial year.
- 22.5 PKF Littlejohn LLP, which is a member of the ICAEW, has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 22.6 KPMG Oy Ab has given and not withdrawn its consent to the inclusion of the audited accounts of Nordkalk as set out in the Appendix to this document.
- 22.7 Strand Hanson Limited has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 22.8 Each of Peel Hunt, Liberum Capital and Numis Securities has given and not withdrawn their respective written consent to the inclusion in this document of reference to its name in the form and context in which it appears.

22.9 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

22.10 The accounting reference date of the Company is 31 December. The current accounting period will end on 31 December 2021.

22.11 The Placing Price of 85 pence represents a premium of 84 pence over the nominal value of 1 penny per Ordinary Share.

22.12 Save for:

- (a) a financial adviser engagement letter dated 14 April 2021 between (i) the Company and (ii) Munegu Partners Ltd, wherein Munegu Partners Ltd was appointed as the Company's financial adviser in connection with the Acquisition and for whom a fee of €3,650,000 is payable by the Company on completion of the Acquisition; and
- (b) a technical adviser agreement dated 12 May 2020 between (i) the Company and (ii) Golder Associates (UK) Ltd, wherein Golder Associates (UK) Ltd was engaged by the Company to conduct technical due diligence on Nordkalk's assets for a fee of approximately £125,000.

and as otherwise disclosed in this document, no person (other than the Company's professional advisers named in this document and trade suppliers) has at any time within the 12 months preceding the date of this document received, directly or indirectly, from the Company or entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.

23. AVAILABILITY OF ADMISSION DOCUMENT

Copies of this Admission Document are available for download from the Company's website at www.sigmaroc.com and are available free of charge at the offices of Fieldfisher LLP of Riverbank House, 2 Swan Lane, London EC4R 3TT or by contacting ir@sigmaroc.com, and at the Company's registered office during normal business hours on any weekday (Saturdays and public holidays excepted), and shall remain available for at least one month after Admission.

Dated: 16 July 2021

PART VIII

SIGMAROC PLC

(Incorporated and registered in England and Wales under Company Number 05204176)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the members of the Company will be held at the offices of the Company at 56 Queen Anne Street, London W1G 8LA United Kingdom, at 11 a.m. on 2 August 2021 for the purposes of considering, and if thought fit, passing the resolutions set out below.

Resolutions 1 and 5 will be proposed as ordinary resolutions and resolutions 2, 3 and 4 will be proposed as special resolutions.

In each of the resolutions below and the notes to this Notice of General Meeting, capitalised terms defined in the admission document published by the Company dated 16 July 2021, of which this Notice of General Meeting forms part, shall bear the same meanings herein.

Resolution 1: Ordinary resolution to approve the Acquisition

THAT, subject to and conditional upon the passing of Resolution 2 below, the Acquisition be approved as a reverse-takeover in accordance with Rule 14 of the AIM Rules for Companies.

Resolution 2: Special resolution to approve the allotment of the Placing Shares and Consideration Shares

THAT, subject to and conditional upon the passing of Resolution 1, and in addition to any other authorities granted to the Directors pursuant to section 551 and section 570 of the Act prior to the date of the passing of this resolution, the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Act to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company ("**Rights**") provided that this authority under section 551 of the Act shall be limited to the allotment:

- (a) up to an aggregate nominal amount of £3,058,823.52 in connection with the issue of the Placing Shares; and
- (b) up to an aggregate nominal amount of £502,765.21 in connection with the issue of the Consideration Shares

and furthermore to allot equity securities (within the meaning of section 560 of the Act) for cash as if section 561 of the Act did not apply to such allotment, provided that this power is limited to the allotment up to an aggregate nominal amount of £3,058,823.52 in connection with the issue of the Placing Shares and this authorisation shall, unless previously revoked by resolution of the Company, expire on the earlier of the date falling 18 months after the date of the passing of this resolution or the conclusion of the annual general meeting of the Company to be held in 2022, and the Company may, at any time before such expiry, make offers or enter into agreements which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant rights in pursuance of any such offer or agreement as if this authorisation had not expired.

Resolution 3: Special resolution to approve the allotment of the Retail Shares

THAT, subject to and conditional upon the passing of Resolutions 1 and 2, and in addition to any other authorities granted to the Directors pursuant to section 551 and section 570 of the Act prior to the date of the passing of this resolution, the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Act to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company ("**Rights**") provided that this authority under section 551 of the Act shall be limited to the allotment up to an aggregate nominal amount of £18,803.01 in connection with the issue of the Retail Shares and furthermore to allot equity

securities (within the meaning of section 560 of the Act) for cash as if section 561 of the Act did not apply to such allotment, provided that this power is limited to the allotment up to an aggregate nominal amount of £18,803.01 in connection with the issue of the Retail Shares and this authorisation shall, unless previously revoked by resolution of the Company, expire on the earlier of the date falling 18 months after the date of the passing of this resolution or the conclusion of the annual general meeting of the Company to be held in 2022, and the Company may, at any time before such expiry, make offers or enter into agreements which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant rights in pursuance of any such offer or agreement as if this authorisation had not expired.

Resolution 4: Special resolution to grant additional authorities to the Directors

THAT, subject to and conditional upon the passing of Resolutions 1 and 2 above, and both in substitution for any other authorities granted to the Directors pursuant to section 551 and section 570 of the Act prior to the date of the passing of this resolution and in addition to those authorities granted pursuant to Resolutions 2 and 3 above, the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Act to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company ("**Rights**") provided that this authority under section 551 of the Act shall be limited to:

- (a) the allotment up to an aggregate nominal amount of £2,126,385.83 (being approximately one third of the Enlarged Share Capital of the Company on Admission),

and furthermore to allot equity securities (within the meaning of section 560 of the Act) for cash as if section 561 of the Act did not apply to such allotment, provided that this power shall be limited to:

- (b) the allotment of equity securities in connection with an offer of, or invitation to apply for, equity securities made (i) to holders of Ordinary Shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on the record date for such offer and (ii) to holders of other equity securities as may be required by the rights attached to those securities or, if the Directors consider it desirable, as may be permitted by such rights, but subject in each case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
- (c) the allotment of equity securities (otherwise than pursuant to sub paragraph (b) above) up to an aggregate nominal amount of £637,915.75 (being approximately ten per cent. of the Enlarged Share Capital of the Company on Admission),

and provided that this power shall expire on the commencement of the next Annual General Meeting of the Company or 30 June 2022, whichever is earlier to occur (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry, make offer(s) or agreement(s) which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offers or agreements notwithstanding that the power conferred by this resolution has expired.

Resolution 5: Ordinary resolution to approve the adoption of the LTIP

THAT, subject to and conditional upon the passing of Resolutions 1 and 2 and Admission, the LTIP, the summary terms of which are described in the Admission Document, be and is hereby approved for adoption by the Board and the making of the grants thereunder pursuant to its terms. The LTIP rules shall be available for inspection from the date of the Admission Document until the close of the General Meeting at 56 Queen Anne Street, London W1G 8LA United Kingdom.

By Order of the Board

Westend Corporate LLP
Company Secretary

Dated: 16 July 2021

Registered office: 7-9 Swallow Street London, W1B 4DE

NOTES TO THE NOTICE OF GENERAL MEETING

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company specifies that only Shareholders entered on the register of members of the Company at 11 a.m. on 29 July 2021 (or in the event that this meeting is adjourned, on the register of members at the time which is 48 hours (excluding non-business days) before the time appointed for holding the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares of the Company registered in their name at that time. Changes to the register after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Appointment of proxies

2. A Shareholder is entitled to appoint one or more proxies to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a Shareholder of the Company. A Shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder.
3. The appointment of a proxy will not preclude a Shareholder from attending in person at the meeting and voting if he or she wishes to do so. Appointment of proxy using the accompanying proxy form.
4. A proxy form is enclosed. To appoint more than one proxy, please photocopy the form. Please state each proxy's name and the number of shares in relation to which each proxy is appointed (which, in aggregate, should not exceed the number of shares held by you) in the boxes indicated on the form. Please also indicate if the proxy form is one of multiple forms being returned. All proxy forms must be signed and should be returned together in the same envelope. In the case of joint Shareholders, the signature of any one of them will suffice, but the names of all joint holders should be stated.
5. To be valid, a duly completed proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be delivered by hand or sent by post to the offices of the Company's registrars, Link Group at 10th Floor Central Square, 29 Wellington Street, Leeds, LS1 4DL so as to be received not less than 48 hours (excluding non-business days) before the time fixed for the holding of the meeting or any adjournment of the meeting (as the case may be).

Appointment of proxy through CREST

6. CREST members who wish to appoint a proxy or proxies for the meeting, including any adjournments of the meeting, through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("**Euroclear**") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Group (ID RA10) no later than 48 hours (excluding non-business days) before the time fixed for the holding of the meeting or any adjournment of the meeting (as the case may be). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Group is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message.

9. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Changing proxy instructions

11. To change your proxy instructions, simply submit a new proxy appointment using one of the methods set out above. Note that the cut-off time for receipt of proxy appointments also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If the Company receives more than one appointment of a proxy in respect of any one share, the appointment received last revokes each earlier appointment and the Company's decision as to which appointment was received last is final.

Termination of proxy appointments

12. In order to revoke a proxy appointment you must notify the Company of the termination at least three hours before the commencement of the meeting.

Joint Shareholders

13. In the case of joint Shareholders, the vote of the senior who tenders a vote, whether in person (including by corporate representative) or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members.

Corporate representatives

14. A corporation which is a Shareholder may, by resolution of its directors or other governing body, authorise one or more persons to act as its representative at the meeting. Corporate representatives should bring with them to the meeting: (i) an original or certified copy of the resolution authorising them; or (ii) an original letter on the Shareholder's letterhead, signed by an authorised signatory, confirming that they are so authorised. Issued shares and total voting rights.
15. As at the date of this notice of general meeting, the Company's issued share capital comprised 279,876,576 ordinary shares of 1 penny each fully paid. The Company does not hold any shares in treasury. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at the date of this notice of general meeting is 279,876,576.

Communication

16. Shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
 - (a) calling Link Group's shareholder helpline on 0371 664 0300 (calls to this number are charged at applicable domestic rates) or from overseas on +371 664 0300 (charged at the applicable international rates). Lines are open from 9.00 a.m. to 5.00 p.m. on business days (i.e. Monday to Friday but excluding public holidays); or
 - (b) in writing to the Company by fax to +44 20 7681 3861.
17. You may not use any electronic address provided in this notice of general meeting or in any related documents (including the accompanying proxy form) to communicate with the Company for any purposes other than those expressly stated.
18. Shareholders wishing to attend the meeting, should this be possible, are asked to register their attendance as soon as practicable by emailing GM@sigmaroc.com. Rules around capacity at the venue

and changes in health and safety requirements may mean Shareholders cannot ultimately attend the meeting.

19. Given the COVID-19 pandemic, we recommend that all Shareholders appoint the Chairman of the meeting as proxy. This will ensure that your vote is counted even if attendance at the meeting is restricted or you or any other proxy you might appoint are unable to attend in person.
20. The return of a completed proxy form will not prevent a member attending the Annual General Meeting and voting in person if the member wishes to do so, should this be permitted under applicable COVID-19 restrictions at the time.

APPENDIX

HISTORICAL FINANCIAL INFORMATION ON NORDKALK

The audited financial statements as of and for the fiscal years ended December 31, 2020, 2019 and 2018 included in this Appendix have been prepared in accordance with IFRS (as adopted by the EU) and have been audited in accordance with International Standards on Auditing by KPMG Oy Ab ("KPMG"), who issued an unqualified audit opinion thereon.

An other emphasis of matter paragraph was included in KPMG's audit report for the fiscal year ended 2020, drawing the reader's attention to the basis of preparation as being prepared for the parent company's IFRS reporting and are separate from the financial statement required to be filed at the Finnish Trade Register for Nordkalk Oy Ab.

Further, an emphasis of matter, similar to the one included in the 2020 auditor's report, has been included in KPMG's audit report for 2019 and 2018.

Unless otherwise indicated, all financial data presented in the text and tables in this section of the Admission Document is shown in Euro thousands (€'000). Because of this rounding, the figures shown in the tables do not necessarily add up exactly to the respective totals given. Furthermore these rounded figures may not add up exactly to the totals contained in the tables. Financial information presented in parentheses denotes the negative of such number presented. A dash ("—") signifies that the relevant figure is not available, while a zero ("0") or nil signifies that the relevant figure is available but has been rounded to zero.

The following audited financial information should be read in conjunction with the sections on Risk Factors in Part III of this document and the Extracted Financial Information included in Part V.

Nordkalk Group

**Consolidated financial
statements 2018**

Consolidated income statement

<i>EUR thousand</i>	<i>Notes</i>	2018	2017
Turnover	5	300 085	303 576
Cost of sales	6	-248 121	-270 747
Gross profit		51 965	32 828
Sales and marketing expenses	6	-8 141	-8 448
Administrative & ICT expenses	6	-19 347	-18 428
Research and development expenses	6	-1 566	-1 533
Impairment loss on trade receivables and contract assets		-214	-126
Other income	6	9 507	7 342
Other expenses	6	-4 993	-5 120
		-24 754	-26 312
Share of profit (-loss) of equity-accounted investees, net of tax	16	469	-1 163
EBIT		27 680	5 354
Finance income	7	2 684	599
Finance expenses	7	-5 839	-4 982
Net financial items	7	-3 155	-4 383
Profit before tax		24 525	970
Income tax expense	10	-3 673	6
Profit		20 852	976
Profit attributable to:			
• Owners of the Company		17 863	-1 966
• Non-controlling interests		2 989	2 942

The notes on pages 9 to 56 are an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income

<i>EUR thousand</i>	<i>Notes</i>	2018	2017
Profit		20 852	976
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Re-measurement of defined benefit liability (asset)	8	-44	80
Related tax	10	10	-17
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		-3 623	1 169
Equity accounted investees – share of other comprehensive income	16	469	0
Cash flow hedges – effective portion of changes in fair value		3 885	0
Cash flow hedges – reclassified to profit or loss		-384	15
Available-for-sale financial assets - net change in fair value		0	0
Available-for-sale financial assets - reclassified to profit or loss			
Related tax	10	-723	-3
Other comprehensive income, net of tax		-410	1 245
Total comprehensive income		20 442	2 221
Total comprehensive income attributable to:			
• Owners of the Company		17 454	-722
• Non-controlling interests		2 989	2 942

The notes on pages 9 to 56 are an integral part of these consolidated financial statements.

Consolidated balance sheet

<i>EUR thousand</i>	<i>Notes</i>	31 December 2018	31 December 2017
Assets			
Other intangible assets	15	3 866	3 345
Property, plant and equipment	14	169 336	173 931
Equity accounted investees	16	4 294	3 382
Other investments	17	625	625
Trade and other receivables, including derivatives	12	11 830	11 607
Deferred tax assets	10	3 248	3 520
Employee benefits	8	0	0
Non-current assets		193 199	196 411
Inventories	11	43 164	41 850
Trade and other receivables, including derivatives	15	70 589	68 045
Current tax asset	10	950	384
Cash and Cash equivalents	13	8 695	7 774
Current assets		123 398	118 053
Total assets		316 597	314 464
<i>EUR thousand</i>	<i>Notes</i>	31 December 2018	31 December 2017
Equity			
Share capital	18	1 000	1 000
Fund of invested unrestricted equity	18	38 737	37 896
Reserves	18	-2 964	-2 580
Retained earnings	18	49 429	66 837
Net profit for the period		12 263	-8 026
Equity attributable to owners of the Company		98 465	95 126
Non-controlling interests	25	11 222	10 882
Total equity		109 688	106 008
Liabilities			
Loans and borrowings	20	19 597	20 234
Employee benefits	8	2 178	2 290
Trade and other payables, including derivatives	21	26	91
Provisions	22	7 534	8 753
Deferred tax liabilities	10	8 575	7 950

Total non-current liabilities		37 910	39 319
Loans and borrowings	20	109 112	115 816
Trade and other payables, including derivatives	21	59 280	53 216
Current tax liabilities	10	607	105
Total current liabilities		168 999	169 137
Total liabilities		206 910	208 456
Total equity and liabilities		316 597	314 464

The notes on pages 9 to 56 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital	Invested unrestricted equity fund	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total	Non-controlling interest	Total
<i>EUR thousand</i>									
Balance as at 1 January 2017	1 000	30 000	-4 515	754		78 925	106 164	7 311	113 475
Profit						-1 966	-1 966	2 942	976
Other comprehensive income			1 169	11		63	1 243	0	1 243
Total comprehensive income	0	0	1 169	11		-1 903	-723	2 942	2 219
Transactions with owners									
Dividends						-7 216	-7 216	-3 185	-10 401
Group contribution net of tax						-6 060	-6 060	0	-6 060
Exchange rates and others		7 896				-4 935	2 961	3 814	6 774
Balance as at 31 December 2017	1 000	37 896	-3 346	765		58 811	95 126	10 882	106 008

	Share capital	Invested unrestricted equity fund	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total	Non-controlling interest	Total
<i>EUR thousand</i>									
Balance as at 1 January 2018	1 000	37 896	-3 346	765	0	58 811	95 126	10 882	106 008
Profit									
Other comprehensive income			-3 623	2 778	469	-34	-410	2 989	20 852
Total comprehensive income	0	0	-3 623	2 778	469	17 829	17 453	2 989	20 442
Transactions with owners									
Dividends						-8 900	-8 900	-2 940	-11 840
Share based payments		841				124	965	435	1 400
Group contribution net of tax						-4 480	-4 480	0	-4 480
Exchange rates and others					-7	-1 691	-1 698	-144	-1 843
Balance as at 31 December 2018	1 000	38 737	-6 969	3 543	462	61 693	98 466	11 222	109 687

The notes on pages 9 to 56 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

<i>EUR thousand</i>	<i>Notes</i>	<i>2 018</i>	<i>2 017</i>
Cash Flow from operating activities			
EBIT		27 680	5 354
Adjustments :			
Depreciation		23 403	43 495
Share of profit of equity accounted investees, net of tax		-469	1 163
Gain on sale of property plant and equipment		-554	-142
Other expenses		298	806
		22 677	45 323
Changes in:			
Inventories		-2 082	289
Trade and other receivables		-79	-2 536
Trade and other payables		792	7 978
Provision and employee benefits		-1 762	-1 022
		-3 132	4 708
Dividend income Equity accounted investees			
Net finance costs		-4 189	-4 113
Tax expenses		-3 525	-3 197
Cash flow discontinued operations		0	1
Net cash from operating activities		39 511	48 075
Cash flow from investing activities			
Proceeds from sale of property plant and equipment		926	213
Financial investments		0	0
Acquisition of property plant and equipment		-22 810	-27 901
Cash flow discontinued operations		0	1
Net cash from (used in) investing activities		-21 884	-27 687
Cash flow from financing activities			
Proceeds from new borrowings	20	4 159	7 978
Repayment of long term loans	20	-1 069	-9 225
Payment of lease liability	20	-3 328	-2 559
Dividends paid		-11 840	-8 548
Repayment of short term loans		410	-1 659
Investment loan receivable		0	0
Group Contribution		-6 060	-5 330
Net cash from (used in) financing activities		-16 886	-19 344
Net increase/decrease in cash and cash equivalents		740	1 045
Cash and cash equivalents at 1 January		7 774	6 707
Cash movement		740	1 045
Currency rate impact		180	22
Cash impact Bore divestment (opening balance)		0	0
Cash and cash equivalents at 31 December		8 695	7 774

The notes on pages 9 to 56 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1) Reporting entity

Nordkalk Group (the "Nordkalk Group" or the "Group") is a limited liability company domiciled in Pargas, Finland. Rettig Group Ltd (the "Parent") is the parent company of the Nordkalk Group. Rettig Capital Ltd is the ultimate controlling party of the Nordkalk Group.

These consolidated financial statements comprise the parent company Nordkalk Oy and its subsidiaries (collectively the 'Group' and individually 'Group companies').

Nordkalk Group is the leading producer of high quality limestone-based products in Northern Europe. Nordkalk Group's products are mainly used in the pulp and paper, chemical, construction, metals and mining industries as well as in environmental care and agriculture.

2) Basis of preparation

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), using the IAS and IFRS standards and SIC and IFRIC interpretations, as applicable at 31 December 2018 and adopted by the European Union. The International Financial Reporting Standards refer to the standards implemented in the EU by Regulation (EC) 1606/2002, and the related interpretations. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation that supplements the IFRSs.

The consolidated financial statements are prepared as part of parent Company Rettig Group Oy Ab's transition to International Financial Reporting Standards (IFRS) as adopted by EU. These consolidated financial statements can be made available to external users but they must not be mixed with the financial statements of Nordkalk Oy Ab registered in the Finnish Trade Register.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis unless otherwise specified in the accounting policies section below.

FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in EUR, which is the company's functional currency. The consolidated financial statements are presented in EUR thousands. As result of rounding differences, the figures presented in the tables may not add up to the total.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements under IFRSs requires the use of judgements, estimates and assumptions affecting the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best view of current events and actions, the actual results may ultimately differ from these estimates. These estimates and assumptions are reviewed on an ongoing basis.

Information about judgements, assumptions and estimates that have a significant risk of resulting in a material change to reported results are described below.

Judgements

Classification of joint arrangements

IFRSs require joint arrangements to be classified as joint operations or joint ventures. The classification depends upon the rights and obligations of the parties and the accounting policies vary between categories. Further information on joint arrangements and classification is included in Note 16.

Lease classification

In accordance with IFRSs entities are required to classify lease arrangements as finance leases or operating leases. IFRIC 4 includes guidance on whether an arrangement contains a lease. Further information on lease arrangements is included in Note 14. Payment plans concerning leases are included in Note 12 and Note 20.

Assumptions and estimation uncertainties

Recognition of deferred tax assets

Uncertainty exists related to the availability of future taxable profit against which tax losses carried forward can be used. 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 the level of future taxable profits, together with future tax planning strategies. Further information on income taxes is disclosed in Note 10.

Defined benefit obligations – actuarial assumptions

The present value of pension obligations is subject to the actuarial assumptions used by actuaries to calculate these obligations. Actuarial assumptions include the discount rate, the annual rate of increase in future compensation levels and inflation rate. Further details on assumptions used are disclosed in Note 8.

Recognition and measurement of provisions

The most significant provisions in the statement of financial position relate to recultivation and restructuring programmes. The judgement applied mainly relates to the estimated amounts of costs. The precise amount and timing of these costs could differ significantly from estimates. Further information on provisions is included in Note 22.

Fair values 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 its judgement to select methods and make assumptions that are mainly based on market conditions existing at the end of reporting period. Factors regarding valuation techniques and their assumptions could affect the reported fair values.

3) Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

BASIS OF CONSOLIDATION

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment, Nordkalk Group does not have any goodwill at the end of reporting periods 2018 and 2017. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts relating to the settlement of pre-existing relationships. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are recognised as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it de-recognises the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities over which the Group has significant influence, but has not control nor joint control over the entities' financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are recognised using the equity method. These are initially recognised at cost, which includes transaction costs. Accounting policies applied by associates and joint ventures are, in all material respects, adjusted to the Group's accounting policies. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees up until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Assets held for sale and discontinued operations

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. These assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell.

A discontinued operation is a part of the Group's business, the operations and cash flows of which can be distinguished from the rest of the Group. Discontinued operation represents a separate major line of business, is part of a coordinated plan to dispose of a separate line of business or is a subsidiary acquired exclusively with a view to resale. 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. When an operation is classified as a discontinued operation, the comparative income statement and other comprehensive income (OCI) is represented as if the operation had been discontinued from the start of the comparative year.

TURNOVER

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Income from services is recognised as profit or loss when the service has been performed. Revenue is measured net of returns, trade discounts and volume rebates.

Segment information

The Group does not present segment information or apply IFRS 8 Operating Segments, since its equity or debt instruments are not traded in a public market.

GOVERNMENT GRANTS

Government grants relating to the purchase of property, plant and equipment or intangible assets are recognised as deferred income. This deferred income is recognised as profit or loss on a systematic basis over the useful life of the asset. Other government grants are recognised as profit or loss on a systematic basis over the period in which the entity recognises the related costs that the grants are compensating.

EMISSION RIGHTS

Emission rights granted to the company in "cap and trade" schemes are recognised as an intangible asset and measured at the nominal amount using the net value method.

Emission rights acquired to cover shortfalls, and shortfalls not covered by acquisition or grants, are reported as a cost provision according to their value at the reporting date. Gains on the sale of the surplus emission rights are recognised under other income.

FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into EUR at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into EUR at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to a non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve relating to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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 future benefit that employees have earned in the current and prior periods, discounting that 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 curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled within 12 months of the end of the reporting period, then they are discounted.

Share-based payments

The Group has share-based incentive programs that are settled in equity instruments. The expenses related to the incentive schemes are recognised in the statement of comprehensive income as employee benefit expense during the vesting period with a corresponding adjustment to equity. Plans that apply tranching vesting are accounted for under the graded vesting model.

INCOME TAX

The income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty relating to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out (FIFO) method or weighted average cost formula and includes expenditure incurred in acquiring the inventory items and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. The Group's inventories consist of finished goods, raw materials, and work-in-progress.

PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are recognised as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values applying the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and water are not depreciated with the exception of quarries and mines, which are subject to substance depreciations.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- | | |
|-----------------------------------|-------------|
| • Buildings and structures | 10–40 years |
| • Machinery and equipment | 3–10 years |
| • Large processing machines/ovens | 15–25 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

INTANGIBLE ASSETS

Recognition and measurement

Other intangible assets

Other intangible assets include patents, customer relationships, trademarks and software licences that are acquired by the Group and have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. The Group is not considered to have assets with indefinite useful lives.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated so as to write off the cost of intangible assets less their estimated residual values applying the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|----------------------------|------------|
| • Other intangibles assets | 5–10 years |
|----------------------------|------------|

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

BORROWING COSTS

Borrowing costs are generally recognised as expenses during the financial period in which they were incurred. Borrowing costs attributable to the construction of qualifying assets are capitalised as asset acquisition costs. Borrowing costs that arise on loans that are specific to the qualifying asset are essentially capitalised. The capitalisation of borrowing costs applies to major investment projects, which take a substantial period of time to finalise.

EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation activity relates to searches for mineral resources, determination of technical feasibility and assessment of commercial viability of an identified resource.

Administration costs that are not directly attributable to a specific exploration area are charged to the income statement. Exploration and evaluation expenditure is charged to the income statement as incurred except in the following circumstances, in which case the expenditure is capitalised:

In respect of minerals activities:

- When the exploration and evaluation activity is within an area of interest that was previously acquired as an asset acquisition or in a business combination and measured at fair value on acquisition; or
- When the existence of a commercially viable mineral deposit has been established.

Capitalised exploration and evaluation expenditure considered to be a tangible asset is recognised as a component of property, plant and equipment at cost less impairment losses. Otherwise, it is recognised as an intangible asset (such as certain licence and lease arrangements). All capitalised exploration and evaluation expenditure is monitored for indications of impairment. To the extent that capitalised expenditure is no longer expected to be recovered, it is charged to the income statement.

OVERBURDEN REMOVAL COSTS

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 interburden 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 mineral assets in property, plant and equipment.

RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised as profit or loss as incurred. Expenditure on development, in which research findings or other knowledge is applied to produce new or improved products or processes, is recognised as an asset in the statement of financial position if the product or process is technically and commercially feasible and the company has sufficient resources to complete development and then use or sell the intangible asset. Capitalised development costs are presented in the statement of the financial position and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised from the time when the asset is ready for use. Capitalised development costs for an asset that is not yet ready for use are tested for impairment annually. The estimated useful lives of development costs are reviewed at each reporting date and if these estimates differ significantly from previous estimates, the amortisation periods are adjusted accordingly. The maximum amortisation period for capitalised development costs is 5 years.

Capitalised exploration and evaluation expenditure is reclassified as an asset under construction and disclosed as a component of property, plant and equipment when proved reserves have been determined and development has been sanctioned. All subsequent development expenditure is capitalised and classified as assets under construction, provided commercial viability conditions continue to be satisfied. On completion of development, all assets included in assets under construction are reclassified as either plant and equipment or other mineral assets. Subsequent to initial recognition, capitalised development costs are measured at cost less accumulated amortisation and impairment losses.

FINANCIAL INSTRUMENTS

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and amortised cost. The classification of financial assets is based on the cash flow characteristics and the business model the asset is managed in.

The Group classifies financial liabilities into the following categories: financial liabilities at fair value through profit or loss and amortised cost.

Financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets – measurement

Financial assets at amortised cost

A financial asset is classified and subsequently measured at amortised cost if it meets the SPPI criterion and is managed within a held to collect business model.

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.

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for classification as subsequently measured at either amortised cost or fair value through other comprehensive income are classified and subsequently measured at fair value through profit or loss.

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other highly liquid investments with original maturities of three months or less. These are readily convertible to a known amount of cash and the risk of changes in value is low. Bank overdrafts are included in current liabilities in the consolidated statement of financial position.

Financial liabilities – measurement

Financial liabilities at fair value through profit or loss are measured at their fair value. The Group includes those derivatives for which hedge accounting is not applied and whose fair value is negative.

Financial liabilities recognised at amortised cost are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments, such as swaps, options and forwards, to hedge its foreign currency, interest rate, electricity price and emission right price exposures.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. The fair value changes for derivatives not under hedge accounting are recognised in finance income and finance expenses.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Positive derivative fair values are recognised under current or non-current assets and negative derivative fair values are recognised under current or non-current liabilities on the statement of financial position.

Hedge accounting

The Group applies hedge accounting to interest rate, electricity and for selected foreign currency derivatives. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

IMPAIRMENT

Financial assets

The Group recognises a loss allowance for the expected credit losses for financial assets not classified as fair value through profit or loss. The loss allowance is estimated as the full lifetime expected credit loss if the credit risk of the instrument has increased significantly since initial recognition, otherwise the loss allowance is estimated as the 12 months expected credit loss at the reporting date. Possible increase in credit risk for said assets is assessed at the end of each reporting period.

The loss allowance for trade receivables is estimated using the simplified method and measured as life time expected credit losses.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment is measured at the level of cash generating units, which are the smallest groups of assets that independently generate cash flows and whose cash flows can be distinguished from other cash flows.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating units.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss and initially allocated to reduce the carrying amount of any goodwill attributable to the cash generating unit, and then to reduce the carrying amounts of the other assets in the cash generating unit on a pro rata basis.

At the end of each reporting period, the Group assesses whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset, impairment losses in respect of goodwill are not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

PROVISIONS

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. No provisions are recognised for operating losses.

Site restoration

Estimated future expenses for the restoration of a site or area are capitalised. Capitalised amounts comprise estimated expenses, calculated at current value, which are simultaneously reported as provisions. Effects of subsequent events that result in costs that exceed the provision are discounted, capitalised, and added to the provisions, and then written off over the remaining life of the asset.

LEASES

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required for such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost for the liability is recognised using the Group's incremental borrowing rate.

Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are recognised in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Group as lessor

Leases where the Group is a lessor and has transferred substantially all of the risk and rewards to the lessee are classified as finance leases. Such arrangements are recognised as a lease receivable in the statement of financial position in an amount equal to the present value of the lease payments. The lease payments received are allocated between finance income and the reduction in the lease receivable. Finance income is recognised in the income statement and allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

EBIT

According to the definition used by the Group, EBIT consist of turnover, the share of profit of equity-accounted investees and other income deducted with total cost of sales, selling and distribution expenses, administrative expense, research and development expenses and other expenses.

4) New accounting standards

In 2018, the Group has adopted the following new and amended standards issued by the IASB.

IFRS 15 Revenue from Contracts with Customers. The Group has adopted IFRS 15 Revenue from Contracts with Customers 1 January 2018. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgement. The Group solely provides its customers with goods where each good provided is distinct from the other goods provided to the customer. The Group does not provide services. Sale of goods is the only source of revenue of the Group. A typical contract with the customer consists of a purchase order and order confirmation, including the general terms and conditions of the arrangement. Compared to the previous standards in place, IFRS 15 does not imply any changes in revenue recognition in the Group, and therefore has no impact on the financial statements. IFRS 15 was adopted using the full retrospective method.

IFRS 9 Financial Instruments. The Group has adopted IFRS 9 Financial Instruments 1 January 2018. IFRS 9 replaces the existing guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Under IFRS 9 financial assets are classified and subsequently measured based on the cash flow characteristics and the business model they are managed in. The Group has reclassified its financial assets to financial assets measured at amortised cost, fair value through profit or loss and fair value through other comprehensive income as shown below.

	Classification under IAS 39	Classification under IFRS 9
Trade and other receivables	Loand and receivables	Amortised cost
Derivatives under hedge accounting	Fair value through other comprehensive income	Fair value through other comprehensive income
Derivatives not under hedge accounting	Financial assets at fair value through profit or loss	Fair value through profit or loss
Investment portfolio	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss
Other investments	Held-to-maturity / Loans and receivables	Amortised cost

Other investments (LT equity investments)

Available-for-sale financial assets

Fair value through other comprehensive income*

The Group has elected to adopt the new general hedge accounting model in IFRS 9 prospectively. Under IFRS 9 hedge accounting aligns more closely with risk management practises. The Group hedges its foreign currency flows on a net exposure basis. Under IAS 39 net exposure hedges did not qualify for hedge accounting and were classified and subsequently measured at fair value through profit or loss. Under IFRS 9, net exposure hedges are allowed in hedge accounting and this increases the use of hedge accounting in the Group significantly.

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss model. The expected credit loss is based on historical and forward-looking information and is estimated at the end of each reporting period. The Group applies the simplified approach to assess the expected credit loss for trade receivables, the effect on retained earnings and trade receivables due to the adoption of the new expected credit loss model was EUR 8 thousand in the opening balance of January 1, 2018. Comparative figures are not restated.

Amendments to IFRS 2 Share-based Payment* - Clarification and Measurement of Share-based Payment Transactions. The amendments address to clarify the classification and measurement of share-based payment transactions where cash-settled share-based payments include a performance condition, share-based payments settled net of tax withholdings and modification of share-based payment transactions from cash-settled to equity-settled. The amendments have no impact on the consolidated financial statements.

IFRIC 22 Interpretation Foreign Currency Transactions and Advance Consideration*. When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item. The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation has no impact on the consolidated financial statements.

Adoption of new standards and interpretations applicable in future financial years

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below:

IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019). The new standard replaces IAS 17 Leases. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as a right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short-term contracts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5,000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. The Group will adopt the standard using the modified retrospective approach where comparative figures will not be restated, further, the Group intends to use the two available reliefs, low-value and short-term leases, to the widest possible extent.

The Group evaluates that the implementation of IFRS 16 will have a yearly positive impact on EBITDA of approximately EUR 2000 thousand and increase the lease liability by EUR 5500 thousand, no material change is expected to be recognised in equity. The actual impact of the standard on 1 January 2019 may change mainly due to the fact that the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (the effective date has been postponed indefinitely). The amendments address to clarify the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments have no impact on the consolidated financial statements.

Annual Improvements to IFRSs (2014–2016 cycle)* (effective for financial years beginning on or after 1 January 2017 for IFRS 12 and on or after 1 January 2018 for IFRS 1 and IAS 28). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The cycle contains amendments to three standards. Their impacts vary standard by standard but are not significant.

* = not yet endorsed for use by the European Union as of 31 December 2018.

5) Turnover

	Geographical markets							
	North East Europe		Scandinavia		Central Europe		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Reportable segments								
Pulp and Paper	61 377	59 873	15 509	15 628			76 886	75 501
Metals and Mining	32 436	36 447	12 445	15 613	7 323	6 248	52 203	58 308
Construction	36 845	39 477	8 753	8 787	32 091	29 813	77 690	78 077
Chemical Industry	11 445	12 517	3 875	4 980	9 558	11 420	24 878	28 916
Agriculture	14 967	12 590	5 928	5 526	12 799	12 304	33 694	30 421
Environment	15 940	14 781	9 400	9 385	7 004	6 413	32 344	30 579
Other sales	1655	1073	735	701			2390	1774
Total	174 665	176 758	56 645	60 621	68 775	66 198	300 085	303 576
Timing of revenue recognition								
Products transferred at a point in time	174 665	176 758	56 645	60 621	68 775	66 198	300 085	303 576

6) Income and expenses

Other income

	2018	2017
<i>EUR thousand</i>		
Gain from sale of fixed assets	1 379	348
Rent income	1 086	561
Subsidies and grants	9	1
Compensation from insurance company	1 327	1 893
Non-recurring income other	566	58
Sale of district heating	1 094	1 589
Sales of services	1 811	1 463
Other	2 234	1 429
Total	9 507	7 342

Other expenses

	2018	2017
<i>EUR thousand</i>		
Losses on divestment of fixed assets	13	28
Non-recurring expenses other	1 433	523
Restructuring costs	449	3 079
Project(s) costs	0	0
Write downs	0	0
Other	3 098	1 615
Total	4 992	5 245

Expenses by nature

	2018	2017
<i>EUR thousand</i>		
Energy	39 101	38 551
Material	55 524	54 521
Employee benefits	49 050	49 208
Sub-contracting services	28 925	27 911
Maintenance	16 423	16 385
Depreciation and amortisation	23 403	43 495
Research and development expenses	239	196
External transportation	32 988	34 915
Other	31 109	33 974
Total	276 763	299 156

Auditor fees

	2018	2017
<i>EUR thousand</i>		
Audit	116	146
Audit related services	2	9
Tax advisory	4	1
Other services	5	46
Total	127	202

7) Net financial items

	2018	2017
<i>EUR thousand</i>		
<i>Fair value changes of derivatives</i>		
Foreign exchange	225	109
Emission	148	0
Electricity	1 308	299
Interest income	312	-8
Exchange differences	564	42
Gains from investments	0	0
Other finance income	127	156
Finance income	2 684	599
<i>Fair value changes of derivatives</i>		
Foreign exchange	20	-229
Electricity	-103	0
Interest expense	-4 804	-4 639
Exchange differences	-476	-16
Loss from investments	0	0
Unwind of discount on site restoration provision	-40	-78

Other finance expense	-436	-19
Finance costs	-5 839	-4 982
Net financial items recognised in profit or loss	-3 155	-4 383

8) Employee benefits

Pension and other long-term employee benefits

The Group has a number of pension plans covering its operations complying with each country's local rules and obligations. Moreover, the Group applies defined contribution and defined benefit pension plans. Under 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. Most of the Groups pension plans are defined contribution plans.

Defined benefit plans are pension plans which are not defined contribution plans. The defined benefit obligation is calculated by independent authorised actuaries. The discount rate for actuarial calculations is determined by the reference to market yields of high-quality corporate bonds or government bonds by taking into account the duration of the defined benefit obligation. Used discount rates are country specific. Pension benefits are normally based on the number of working years and salary. Most defined benefit plans are located in Sweden and Poland constituting around 87 % of the defined pension liability in the Group's statement of financial position. Swedish plan provides an old-age pension cover for plan members. Plan members receive a lump-sum payment upon retirement in 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 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 plan liabilities. The Group expects to pay EUR 152 thousand in contributions to its defined benefit plans in 2018.

31 December 2018 31 December 2017

EUR thousand		
Defined benefit asset	0	0
Total employee benefit asset	0	0
Defined benefit liability	1 815	1 924
Liability for long-service leave	363	366
Other employee benefits	0	0
Total employee benefits liabilities	2 178	2 290
Non-current	2 178	2 290
Current	0	0
Total	2 178	2 290

MOVEMENT IN NET DEFINED BENEFIT (ASSET) LIABILITY

	Defined benefit obligation		Fair value of plan assets		Net defined benefits liability (asset)	
	2018	2017	2018	2017	2018	2017
EUR thousand						
Balance at 1 January	1 924	2 107	0	0	1 924	2 107
Included in profit or loss						
Current service cost	19	18	0	0	19	18
Interest income	0	0	0	0	0	0
Past service cost (credit)	0	0	0	0	0	0
Interest cost (income)	29	26	0	0	29	26
Included in other comprehensive income:						
• Actuarial loss (gain) arising from change in demographic assumptions	1	-1	0	0	1	-1
• Actuarial loss (gain) arising from change in financial assumptions	54	-20	0	0	54	-20
• Actuarial loss (gain) arising from experience adjustments	-11	-63	0	0	-11	-63
Effect of movements in exchange rates	-73	20	0	0	-73	20
Other						
Contributions paid by the employer	0	0	128	149	-128	-149
Benefits paid	-128	-149	-128	-149	0	0
Business combinations and disposals	0	0	0	0	0	0
Other	0	-14	0	0	0	-14
Balance at 31 December	1 815	1 924	0	0	1 815	1 924

DEFINED BENEFIT OBLIGATION

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

EUR thousand	2018	2017
Discount rate	1.90%	1.90%
Expected salary growth	2.60%	2.60%
Expected future pension growth	2.00%	2.00%

At 31 December 2018, the weighted-average duration of the defined benefit obligation was 10.1 years (2017: 10.2 years). In 2019 the Group expects to pay 151 thousand EUR to the defined benefit plans.

Sensitivity analysis

Reasonably probable changes at the reporting date to one of the relevant actuarial assumptions, all other assumptions remaining unchanged, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2018		31 December 2017	
EUR thousand	Increase	Decrease	Increase	Decrease

Discount rate (1% movement)	-195	195	-213	213
Future salary growth (1% movement)	35	-35	38	-38
Future pension growth (1% movement)	194	-194	214	-214

While the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Share-based payments

In 2018 the Group implemented long-term incentive plans to the key management of Nordkalk Group. The plans consist of two equity-settled compensation schemes, restricted matching shares and performance shares, and are conditional to the receiver making an initial personal investment in the company in question.

Restricted matching shares are earned based on continuation of employment and holding of personal initial investment. Restricted matching shares are paid upon initial investment. The restricted matching shares have a tranching vesting pattern that follows the performance periods and vest gradually during 2018-2023. The fair value of the combined rewards at the grant date was EUR 1 140 thousand. The share-based expense recognised in 2018 related to the restricted matching shares was EUR 55 thousand.

Performance shares are earned based on continuation of employment, holding of personal initial investment and subject to the fulfilment of predetermined performance criteria over the performance period. The plan includes four three-year performance periods which are calendar years 2018-2020, 2019-2021, 2020-2022 and 2021-2023. The grant date for all performance periods is determined as 31 December 2017. The performance criterion for the performance periods is the ultimate parent company's theoretical Internal Rate of Return (IIR) for its shareholding in the company in question, the minimum earn-out is 0 %, the target 10 % and maximum 20 %.

If market condition

The IIR is treated as a market condition and is based on a theoretical valuation of the company in question at the end of each performance period. The fair value of the combined rewards at the grant date was EUR 1 140 thousand. The share-based expense recognised in 2018 related to performance shares was EUR 412 thousand.

If non-market condition

The IIR is treated as a non-market condition and is based on a theoretical valuation of the company in question at the end of each performance period. At the end of each reporting period the cumulative share-based cost expected to be paid out is revised based on the estimated IIR at the end of the performance period at that point in time. At the reporting date approximately 30 % of the maximum performance shares were estimated to vest. The share-based expense recognised in 2018 related to the performance shares was EUR 412 thousand.

9) Employee benefit expenses

	2018	2017
<i>EUR thousand</i>		
Wages and salaries	38 062	38 859
Social security contributions	10 448	10 179
Contributions to defined contribution plans	127	169
Share-based payments	412	
Total	49 050	49 208

Number of personnel	2018	2 017
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Finland	410	426
Other EU countries	578	592
Other European countries	14	13
Rest of the world		
Total	1 002	1 031

10) Income taxes

Amounts recognised in income statement

EUR thousand

Current year and previous years taxes

	2018	2017
For the financial period	-3 517	-3 080
For previous financial periods	-2	-108
Change in deferred taxes	-153	3 194
Total	-3 673	6

Amounts recognised in other comprehensive income

EUR thousand

Items that will never be reclassified to income statement

Tax related to post-employment defined benefit plans	10	-17
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Items that are or may be reclassified to income statement

Tax related to Cash flow hedges – effective portion of changes in fair value	-723	-3
Tax related to Available for sale financial assets	0	0
Total	-713	-20

Reconciliation of effective tax rate

EUR thousand

	2018	2017
Profit before tax	24 525	970
Tax using the Company's domestic tax rate (20%)	-4 905	-194
Effect of tax rates in foreign jurisdictions	277	419
Non-deductible expenses	-516	-1 763
Tax-exempt income	237	272
Current year losses for which no deferred tax asset was recognised	126	-342
Utilization of tax losses for which no deferred tax has been recognised	1	
Change in unrecognised temporary differences (tax losses)	0	482
Prior year taxes	1	108
Effect of tax consolidation/tax group in one country	0	
Effect of share of profits of equity-accounted investees	94	-232

Other	1 014	1 255
Tax in profit and loss statement in Euro	<u>-3 673</u>	<u>6</u>

The effective tax rate of the Group was 14,98 % for the year 2018 (-0.62% for 2017).

Deferred tax assets

2018

EUR thousand

	Opening balance at 1 January	Exchange difference opening	Recognised in income statement	Exchange difference P/L	Recognised in OCI	Acquisitions, divestments and other	Closing balance at 31 December
Intangible assets	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Property, plant and equipment	201 €	-1 €	93 €	0 €	0 €	0 €	293 €
Financial assets	87 €	0 €	7 €	1 €	11 €	0 €	106 €
Inventories	520 €	-6 €	23 €	0 €	0 €	0 €	538 €
Post-employment benefit obligations/assets	201 €	-2 €	2 €	-2 €	10 €	0 €	207 €
Provisions	586 €	-5 €	-46 €	-4 €	0 €	0 €	531 €
Tax losses carried forward	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Long-term assets / liabilities	-887 €	27 €	33 €	0 €	0 €	0 €	-828 €
Short-term assets / liabilities	-361 €	0 €	-29 €	0 €	0 €	0 €	-390 €
Other temporary differences	3 173 €	-82 €	-301 €	1 €	0 €	0 €	2 792 €
TOTAL DEFERRED TAX	3 520 €	-68 €	-218 €	-4 €	20 €	0 €	3 248 €

Deferred tax liabilities

2018

EUR thousand

	Opening balance at 1 January	Exchange difference opening	Recognised in income statement	Exchange difference P/L	Recognised in OCI	Acquisitions, divestments and other	Closing balance at 31 December
Intangible assets	74 €	0 €	31 €	0 €	0 €	0 €	105 €
Property, plant and equipment	9 184 €	-61 €	112 €	0 €	0 €	0 €	9 234 €
Financial assets	292 €	-1 €	325 €	-6 €	733 €	0 €	1 348 €
Inventories	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Post-employment benefit obligations/assets	19 €	-1 €	6 €	0 €	0 €	0 €	25 €
Provisions	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Tax losses carried forward	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Long-term assets / liabilities	-924 €	27 €	33 €	0 €	0 €	0 €	-865 €
Short-term assets / liabilities	-882 €	0 €	-613 €	0 €	0 €	0 €	-1 495 €
Other temporary differences	187 €	-6 €	43 €	0 €	0 €	0 €	224 €
TOTAL DEFERRED TAX	7 950 €	-43 €	-65 €	-6 €	733 €	0 €	8 575 €

Deferred tax assets

2017

EUR thousand

	Opening balance at 1 January	Exchange difference opening	Recognised in income statement	Exchange difference P/L	Recognised in OCI	Acquisitions, divestments and other	Closing balance at 31 December
Intangible assets	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Property, plant and equipment	33 €	-1 €	169 €	0 €	0 €	0 €	201 €
Financial assets	114 €	-1 €	-13 €	3 €	-16 €	0 €	87 €
Inventories	500 €	10 €	10 €	0 €	0 €	0 €	520 €
Post-employment benefit obligations/assets	217 €	3 €	0 €	-2 €	-17 €	0 €	201 €
Provisions	734 €	9 €	-161 €	5 €	0 €	0 €	586 €
Tax losses carried forward	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Long-term assets / liabilities	-905 €	-53 €	0 €	0 €	0 €	71 €	-887 €
Short-term assets / liabilities	-375 €	0 €	14 €	0 €	0 €	0 €	-361 €
Other temporary differences	3 232 €	161 €	-217 €	-2 €	0 €	0 €	3 173 €
TOTAL DEFERRED TAX	3 549 €	128 €	-198 €	4 €	-33 €	71 €	3 520 €

Deferred tax liabilities
2017

EUR thousand

	Opening balance at 1 January	Exchange difference opening	Recognised in income statement	Exchange difference P/L	Recognised in OCI	Acquisitions, divestments and other	Closing balance at 31 December
Intangible assets	66 €	0 €	8 €	0 €	0 €	0 €	74 €
Property, plant and equipment	10 983 €	-23 €	-1 762 €	-14 €	0 €	0 €	9 184 €
Financial assets	274 €	-1 €	34 €	-6 €	-13 €	0 €	292 €
Inventories	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Post-employment benefit obligations/assets	13 €	0 €	7 €	0 €	0 €	0 €	19 €
Provisions	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Tax losses carried forward	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Long-term assets / liabilities	-942 €	-53 €	0 €	0 €	0 €	71 €	-924 €
Short-term assets / liabilities	-598 €	0 €	-284 €	0 €	0 €	0 €	-882 €
Other temporary differences	1 634 €	-40 €	-1 394 €	-13 €	0 €	0 €	187 €
TOTAL DEFERRED TAX	11 430 €	-116 €	-3 392 €	-33 €	-13 €	71 €	7 950 €

UNRECOGNISED DEFERRED TAX LIABILITIES

The Group does not provide for deferred taxes on the distributable earnings of non-Finnish subsidiaries, to the extent that such earnings are intended to be permanently reinvested in those operations and repatriation would give rise to tax expenses.

UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of the following items, since it is not probable that future taxable profits will be available against which to utilise the benefits.

	2018	2017
EUR thousand		
Deductible temporary differences (will never expire)	6 547	13 860
Tax losses	5	79

TAX LOSSES CARRIED FORWARD

Unrecognised tax losses carried forward expire as follows.

	Tax losses carried forward		Recognised deferred tax assets losses		Unrecognised deferred tax assets losses	
	2018	2017	2018	2017	2018	2017
EUR thousand						
Never Expire	6 547	13 860	0	0	6 547	13 860
Total losses with expiration date	1 107	79	0	0	1 107	79
Current year	5	0	0	0	5	0
Current year + 1	0	0	0	0	0	0
Current year + 2	172	0	0	0	172	0
Current year + 3	415	0	0	0	415	0
Current year + 4	471	4	0	0	471	4
Current year + 5 or more	44	75	0	0	44	75

11) Inventories

	31 December 2018	31 December 2017
EUR thousand		
Raw materials and consumables	11 940	11 195
Work in progress	4 049	3 738
Finished goods	31 735	31 363
Gross value of inventories	47 725	46 296
Inventory provision to the carrying value	-4 560	-4 446
Total	43 164	41 850

12) Trade and other receivables

	31 December 2018	31-Dec-17
<i>EUR thousand</i>		
Trade receivables	36 656	39 430
Trade receivables due from related parties	21 087	19 985
<i>Fair value of financial instruments</i>		
Electricity	6 084	1 324
Foreign exchange	336	224
Other	0	0
Financial leasing receivables	10 477	12 134
Other receivables	7 779	6 556
Total	82 420	79 652
Non-current	11 830	11 607
Current	70 589	68 045
Total	82 420	79 652

FINANCE LEASE RECEIVABLES

Finance lease receivables are receivable as follows.

	2018			2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
<i>EUR thousand</i>						
Less than 1 year	2 865	421	2 444	2 526	324	2 202
Between 1 and 5 years	9 814	1 781	8 033	10 423	491	9 932
More than 5 years	0	0	0	0	0	0
Total	12 679	2 202	10 477	12 949	815	12 134

CREDIT AND MARKET RISKS, AND IMPAIRMENT LOSSES

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables is included in Note 26.

13) Cash and cash equivalents

	31 December 2018	31 December 2017
<i>EUR thousand</i>		
Bank balances	8 695	7 774
Total	8 695	7 774

14) Property, plant and equipment

Reconciliation of the carrying amount

	Land and water	Buildings	Plant and equipment	Other assets	Under construction	Total
<i>EUR thousand</i>						
Balance at 1 January 2017	81 544	49 753	158 954	17 138	28 550	335 939
Additions	8 334	331	3 006	778	14 881	27 330
Transfers and/or corrections	3 033	1 620	24 880	1 444	-31 049	-72
Disposals	-62	-7	534	-2	-1 018	-555
Effect of movements in exchange rates	109	809	57	223	-623	574
Balance at 31 December 2017	92 958	52 506	187 431	19 581	10 741	363 217
Balance at 1 January 2018	92 958	52 506	187 431	19 581	10 741	363 217
Additions	1	749	2 191	511	19 446	22 898
Acquisitions through business combinations						0
Transfers and/or corrections	1 490	1 968	7 586	1 930	-12 132	843
Disposals	-113	-381	-495	-15	-986	-1 991
Effect of movements in exchange rates	-2 668	-876	-3 561	-233	-162	-7 500
Balance at 31 December 2018	91 668	53 966	193 152	21 775	16 906	377 467
Accumulated depreciation and impairment losses						
Balance at 1 January 2017	-25 954	-18 519	-95 374	-7 159	0	-147 007
Depreciation	-4 598	-2 816	-33 456	-1 581	0	-42 452
Disposals	0	6	172	4	0	182

Effect of movements in exchange rates	22	-196	185	-19	0	-9
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Balance at 31 December 2017	-30 530	-21 525	-128 473	-8 755	0	-189 286
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Balance at 1 January 2018	-30 530	-21 525	-128 473	-8 755	0	-189 283
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Depreciation	-4 491	-2 830	-13 322	-1 676	0	-22 319
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Disposals	0	28	274	15	0	317
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Effect of movements in exchange rates	336	264	2 455	100	0	3 155
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Balance at 31 December 2018	-34 685	-24 063	-139 066	-10 316	0	-208 130
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Carrying amounts

At 31 December 2017	62 428	30 981	58 958	10 826	10 741	173 934
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At 31 December 2018	56 983	29 903	54 086	11 459	16 906	169 337
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Leased plant and machinery

The Group leases production equipment under a number of finance leases. Certain obligations attach to the equipment leased. At 31 December 2018, the net carrying amount of leased equipment was EUR 16 115 thousand (31 December 2017: EUR 15 979 thousand).

PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION

During 2017 the Swedish Supreme Administrative Court ruled that the Swedish Government's decision to make the Bunge quarry-area to be a Natura 2000 protected area was not unlawful. In practice this decreases the likelihood to conduct mining activities in this area. Therefore the Group has recognised an impairment of approximately EUR 20 000 thousand regarding the capitalised costs of the Bunge quarry.

15) Intangible assets

Reconciliation of carrying amount

	Intangible rights	Development expenses	Other capitalised expenses	Total
<i>EUR thousand</i>				
Balance at 1 January 2017	1 856	3	8 333	10 192
Increases	7	7	556	570
Transfers & or corrections	0	0	1 034	1 034
Effect of movements in exchange rates	25	0	-13	12
Balance at 31 December 2017	1 888	10	9 910	11 808
Balance at 1 January 2018	1 888	10	9 910	11 808

Increases	43	5	347	395
Transfers & or correction	-31	0	1 159	1 128
Effect of movements in exchange rates	-17	1	-8	-24
Balance at 31 December 2018	1 883	16	11 408	13 307

Accumulated amortisation and impairment losses

Balance at 1 January 2017	-1 331	0	-6 067	-7 398
Amortisation	-137	0	-906	-1 044
Transfers	0	0	0	0
Effect of movements in exchange rates	0	0	0	0
	-27	0	9	-18
Balance at 31 December 2017	-1 495	0	-6 964	-8 460

Balance at 1 January 2018	-1 495	0	-6 965	-8 460
Amortisation	-127	0	-957	-1 084
Decreases due to divestments	85	0	0	85
Transfers	0	0	0	0
Effect of movements in exchange rates	17	0	4	21
Balance at 31 December 2018	-1 520	0	-7 918	-9 438

Carrying amounts

At 31 December 2017	393	10	2 946	3 348
At 31 December 2018	363	16	3 490	3 869

Amortisation

Amortisation of patents, trademarks and development costs is included in research and development costs.

16) Equity-accounted investees

	31 December 2018	31 December 2017
<i>EUR thousand</i>		
Interests in associates	-96	-124
Interest in joint venture	4 390	3 506
Total	4 294	3 382

JOINT VENTURE

NorFraKalk AS is the only joint arrangement in which the Group participates. It is a lime kiln built in co-operation with Franzefoss Minerals AS and located in Norway. The Group management has designated the arrangement a joint venture as the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The following table shows summary financial information for NorFraKalk.

	31 December 2018	31 December 2017
<i>EUR thousand</i>		
Percentage ownership interest	50%	50%
Non-current assets	14 844	16 169
Current assets	7 008	6 553
Non-current liabilities	8 789	9 696
Current liabilities	4 282	6 013
Net assets (100%)	8 781	7 013
Group's share of net assets (50%)	4 390	3 506
Carrying amount of interest in joint venture	4 390	3 506
Turnover	12 948	14 627
EBIT	849	-2 894
Profit/loss for the period	938	-2 327
Total comprehensive income for the period (100%)	938	-2 327
50 % of total comprehensive income	469	-1 164
Exchange difference	0	-387
Group's share of profit and total comprehensive income	469	-1 551
Dividends received by the Group	0	0
Share capital increase	0	0

ASSOCIATES

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

17) Other investments

	31 December 2018	31 December 2017
<i>EUR thousand</i>		
Non-current investments		
Other investments	625	625
	625	625
Total	625	625

Other non-current investments include other unlisted shares recognised for at cost less any impairment losses.

18) Capital and reserves

	Amount of shares	Share capital	Invested unrestricted equity fund	Reserves	Retained earnings	Total
<i>EUR thousand</i>						
On 31 December 2017	994 400	1 000	37 896	-2 580	69 692	106 008
On 31 December 2018	11 038 132	1 000	39 048	-2 964	73 724	110 808

SHARE CAPITAL

The share capital (ordinary shares) consists of 11 038 132 shares in one series. In accordance with the Articles of Association, the share has no nominal value of and carries one vote. All shares afford equal rights to the distribution of dividends. All issued shares have been fully paid. The Group companies do not hold any own shares.

The subscription price of a share received in connection with share issues is credited to the share capital, unless the share issue decision provides that part of the subscription price is to be recorded in the invested unrestricted equity fund.

INVESTED UNRESTRICTED EQUITY FUND

The invested unrestricted equity fund includes other equity investments and any part of the subscription price of the shares that according to the related decision is not to be credited to the share capital.

OTHER RESERVES

Other reserves include the hedging and cumulative translation difference. The hedging reserve includes derivative instruments used for cash-flow hedging. The translation difference reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

RETAINED EARNINGS

Retained earnings include earnings and losses and remeasurement of defined benefit plans.

OTHER COMPREHENSIVE INCOME ACCUMULATED IN RESERVES, NET OF TAX

The disaggregation of other comprehensive income by each type of reserve in equity:

	Attributable to owners of the Company				Non-controlling interests	Total OCI
	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings		

EUR thousand

31 December 2018

Re-measurements of defined benefit liability (asset)				-355	-355	0	-355
Foreign operations – foreign currency translation differences	-6 969				-6 969	0	-6 969
Cash flow hedges - effective portion of changes in fair value		3 542			3 542	0	3 542
Available-for-sale financial assets - change in fair value			0		0	0	0
Equity-accounted investees - share of OCI			462		462	0	462
Total	-6 969	3 542	462	-355	-3 319	0	-3 319

31-Dec-17

Re-measurements of defined benefit liability (asset)				-407	-407	0	-407
Foreign operations – foreign currency translation differences	-4 515				-4 515	0	-4 515
Cash flow hedges - effective portion of changes in fair value		758			758	0	758
Total	-4 515	758	0	-407	-4 164	0	-4 164

19) Capital management

The Board's policy is to retain a sufficiently robust capital base to maintain market confidence and to sustain future development of the business. Management monitors the return on capital employed.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the benefits and security afforded by a sound capital position. The Group's target is to achieve a return on capital employed above 9 per cent; in 2018 the return was 9.4 per cent (2017: 2.7 per cent).

20) Loans and borrowings

Non-current liabilities

	31 December 2018	31 December 2017
<i>EUR thousand</i>		
Loans from related party	2 456	1 840
Finance lease liabilities	11 374	13 984
Other loans	5 768	4 410
Total	19 597	20 234

Current liabilities

	31 December 2018	31 December 2017
<i>EUR thousand</i>		
Loans from Related party	105 418	104 519
Current portion of finance lease liabilities	4 212	4 608
Other loans	-109	61
Total	109 521	109 188
Total liabilities	129 119	129 422

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 23.

CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities is as follows.

<i>EUR thousand</i>	Loans from related party	Finance lease liabilities	Other loans	Total
Balance as at 1 January 2018	106 359	18 593	4 471	129 422
Changes from financing cash flows				
Proceeds from loans and borrowings	2 972		1 187	4 159
Repayment of borrowings	-1 069			-1 069
Payment of financial lease liabilities		-3 328		-3 328
Total	1 903	-3 328	1 187	-238

Changes arising from obtaining or losing control of subsidiaries or other businesses

Effect of changes in foreign exchange rates	-357			
Change in fair value				
Other changes				
New financial lease		321		321
Interest expense	-31			-31
Balance as at 31 December 2018	107 874	15 586	5 658	129 475

TERMS AND REPAYMENT SCHEDULE

The terms and conditions of outstanding loans are as follows.

	Currency	Year of maturity	Carrying amount 31 December 2018	Carrying amount 31-Dec-17
<i>EUR thousand</i>				
Loans from related party	EUR	2019-2023	83 675	80 893
Loans from related party	RUB	2019	35	196
Loans from related party	SEK	2019	17 260	17 473
Loans from related party	TRY	2022	1 304	1 738
Other loans	EUR	2017-2023	5 658	4 471
Group Contribution liability to related party	EUR	2018	5 600	6 060
Group Contribution liability to Rettig Capital	EUR	2018		
Cashpool liability to related party	EUR	2018		
Financial lease liabilities	EUR	2017-	15 586	18 593
Total interest-bearing liabilities			129 118	129 422

FINANCE LEASE LIABILITIES

Finance lease liabilities are payable as follows.

2018 2017

	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
<i>EUR thousand</i>						
Less than 1 year	4 794	581	4 213	5 037	446	4 591
Between 1 and 5 years	13 015	1 975	11 040	14 449	660	13 788
More than 5 years	335	2	333	218	5	214
Total	18 144	2 558	15 586	19 704	1 111	18 593

Certain leases provide for additional payments that are contingent on changes in market rents.

21) Trade and other payables

	31 December 2018	31 December 2017
<i>EUR thousand</i>		
Trade payables	39 038	40 105
<i>Fair value of financial instruments</i>		
Electricity	307	242
Foreign exchange	179	344
Interest rate swaps	0	0
Other	0	0
Accrual & Other expenses	14 182	13 184
Liabilities to related parties	5 600	6 060
Total	59 307	59 934
Non-current	26	91
Current	58 870	59 276
Total	58 897	59 366

Information about the Group's exposure to currency and liquidity risk is included in Note 23.

22) Provisions

	Site restoration	Restructuring	Other provisions	Total
<i>EUR thousand</i>				
Balance at 1 January 2017	3 786	3 195	785	7 766
Provisions recognise	136	3 043	0	3 179
Provisions utilised	0	-1 858	-235	-2 093
Increase from acquisition	0	0	0	0
Unwind of discount	0	0	0	0
Exchange differences opening balance	-49	-26	-23	-98
Balance at 31 December 2017	3 873	4 354	527	8 754

Non-current	3 873	4 354	527	8 754
Current	0	0	0	0
Balance at 1 January 2018	3 873	4 354	527	8 754
Provisions recognise	812	0	0	812
Provisions utilised	0	-1 320	-505	-1 825
Unwind of discount	0	0	0	0
Exchange differences on opening	-72	-113	-21	-206
Increase from acquisition				0
Balance at 31 December 2018	4 613	2 921	1	7 535
Non-current	4 613	2 921	1	7 535
Current	0	0	0	0

SITE RESTORATION

The provision for site restoration primarily relates to the quarries.

OTHER

Other provisions consist mainly of legal and agent leaving indemnity provisions.

23) Financial instruments

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets and financial 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. Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2. Fair value determined by observable parameters
- Level 3. Fair value determined by non-observable parameters

31 December 2018

31 December 2018	Carrying amount		Fair value							
	Fair value - Hedging instruments	Fair value through Profit and loss	Fair value through other comprehensive income	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<i>EUR thousand</i>										
Financial assets measured at fair value										
Forward exchange contracts used for hedging		336				336		336		336
Electricity hedges	4 545	1 539				6 084	6 084			6 084
Financial assets not measured at fair value										
Trade and other receivables (Excl. Derivative instruments)				75 999		75 999				
Cash and cash equivalents				8 695		8 695				
Other investments			625	0	0	625	0	625		625
Financial liabilities measured at fair value										
Forward exchange contracts used for hedging	179					179		179		179
Electricity hedges	84	223				307	307			307
Financial liabilities not measured at fair value										
Loans from related party					107 874	107 874				
Loans from financial institutions						0				
Other loan					5 658	5 658				
Finance lease liabilities					15 586	15 586				
Trade and other payables (Excl. derivative instruments)					39 038	39 038				

31 December 2017

	Carrying amount	Fair value – hedging instruments	Held-to-maturity	Loans and receivables	Available-for-sale	Other financial liabilities	Fair value			
							Total	Level 1	Level 2	Level 3
EUR thousand										
Financial assets measured at fair value										
Forward exchange contracts used for hedging	224						224	224	224	224
Electricity hedges	332	992					1 324	1 324		1 324
Other investments			625	0	0		625	0	625	625
Financial assets not measured at fair value										
Trade and other receivables (Excl. Derivative instruments)				78 104			78 104			
Cash and cash equivalents				7 774			7 774			
Financial liabilities measured at fair value										
Forward exchange contracts used for hedging	344						344		344	344
Electricity hedges	212	30					242	242		242
Interest rate swaps							0	0		0
Financial liabilities not measured at fair value										
Loans from related party						106 359	106 359			
Other loan						4 410	4 410			
Finance lease liabilities						18 593	18 593			
Trade and other payables (Excl. derivative instruments)						40 105	40 105			

FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

Risk management framework

The Board of Directors of the Parent has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors of the Parent has established a Risk Management Policy for the Group. This contains the Treasury Policy, Credit Risk Policy and Electricity Risk Management Policy.

The Group's risk management policy is essentially risk-averse. The aim is to safeguard the EUR value of the cash flow from operations. In order to achieve this the Group identifies and analyses the risks faced by the Group, sets appropriate risk limits and controls and monitors risks and adherence to limits. Risk management policies and systems are regularly reviewed by the Parent, and if changed, adopted by the Group to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Group oversees how management monitors compliance with the adopted risk management policies and procedures. The Board of Directors of the Group is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures. The Board of Directors of the Group receive reports on the findings.

Market risk

Market risk is the risk that changes in market prices will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group manages electricity price risks within the framework defined in the Risk Management Policy. Hedging targets are achieved mainly by using financial electricity derivative contracts.

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 mainly from the Group's receivables due from customers and the funding of subsidiaries in form of loans.

The carrying amount of financial assets represents the maximum credit exposure.

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.

Impairment

At the reporting date, the ageing of trade receivables that were not impaired was as follows. The recognised impairment loss in 2018 is calculated using the expected credit loss model in IFRS 9, 2017 figures are not restated.

	31 December 2018	31 December 2017
<i>EUR thousand</i>		
Total trade receivables	36 656	39 430
Not overdue	29 630	31 051
Overdue 1 – 30 days	6 884	8 064
Overdue 31 – 60 days	151	116
Overdue 61 – 90 days	33	116
More than 90 days	377	532
Impairment loss recognised	-419	-450

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 8 695 thousand at 31 December 2018 (31 December 2017: EUR 7 774 thousand).

Derivatives

The Group hedges currency risk with currency forward deals against the Parent that acts as the sole counterparty. External currency hedging is solely performed by the Parent.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when these are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors the level of expected cash inflows for trade and other receivables together with expected cash outflows for trade and other payables.

In addition, the Group maintains the following lines of credit:

- EUR 133.1 million-short term loan and overdraft facilities that are unsecured. Interest would be payable at the rate based on internal rating of the Group. The internal rating is done by an external party using Moody's rating principles.
- Eur 18.0 million long-term credit limit. Interest would be paid as specified above.

Exposure to liquidity risk

The following are the residual contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments, but exclude the impact of netting agreements.

31 December 2018

EUR thousand	Contractual cash flows					
	Carrying amount	Total	1 -12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Loans from related party	107 874	108 750	105 810	468	2 472	
Other loan	5 658	7 007	238	262	6 507	
Financial lease liabilities	15 586	18 144	4 794	6 507	6 507	335
Trade payables	39 038	39 038	39 038			
	168 157	172 939	149 880	7 237	15 486	335
Derivative financial liabilities						
Forward exchange contracts used for hedging	179	344	344			
Electricity hedges	307	307	307			
	487	651	651	0	0	0

31 December 2017

EUR thousand	Contractual cash flows					
	Carrying amount	Total	1 -12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Loans from related party	106 359	108 051	105 725	1 000	1 326	
Other loan	4 471	4 471	61			4 410
Financial lease liabilities	18 593	19 653	5 037	7 199	7 199	218
Trade payables	40 105	40 105	40 105			
	169 528	172 280	150 928	8 199	8 525	4 628
Derivative financial liabilities						
Forward exchange contracts used for hedging	344	344	344			
Electricity hedges	242	242	242			
	586	586	586	0	0	0

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows the net cash flow amounts for derivatives that are net cash-settled and the gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The interest payments on 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 rate. 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.

Currency risk

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 euro, the Polish Zloty (PLN), the Swedish krona (SEK) and the Norwegian krone (NOK). The currencies in which these transactions are primarily denominated are EUR, PLN, SEK and NOK. Additional exposures may arise from purchase of fuel in USD.

At any point in time, the Group hedges on average 60 to 80 per cent of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 15 months. The Group uses forward exchange contracts to hedge its currency risk, with a maturity of up to 15 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.

	2018			
	SEK	USD	NOK	PLN
<i>EUR thousand</i>				
Gross exposure	1 774	7 986	2 661	1 955
Hedged	-840	5 235	824	-1 376
Net exposure	934	-2 751	-1 837	579

Sensitivity analysis (+/- 10%)

<i>EUR thousand</i>				
Income statement	93	-275	184	58

	2017			
	SEK	USD	NOK	PLN
<i>EUR thousand</i>				
Gross exposure	356	-2 127	-2 239	981
Hedged	-19	2 065	1 304	-863
Net exposure	337	-62	-935	118

Sensitivity analysis (+/- 10%)

<i>EUR thousand</i>				
Income statement	34	-6	-94	12

The following material exchange rates have been applied.

	2018	2017
EUR/SEK	10,2548	9,8438
EUR/USD	1,1450	1,1993
EUR/NOK	9,9483	9,8403
EUR/PLN	4,3014	4,1770

Interest rate risk

The Group adopts a policy of financing investments through long-term borrowing, generally with a five-year term at inception.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the Group management is as follows:

EUR thousand	Carrying amount	
	2018	2017
Variable rate instruments		
Financial liabilities	113 533	110 830
Total	113 533	110 830

Cash flow sensitivity analysis for variable rate instruments

A reasonably probable change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Sensitivity analysis

EUR thousand	Profit or loss	
	100 basis points increase	100 basis points decrease
31 December 2018		
Variable rate instruments	1 135	1 135
Interest rate swaps	0	0
Cash flow sensitivity (net)	1 135	1 135
31 December 2017		
Variable rate instruments	1 108	1 108
Interest rate swaps	0	0
Cash flow sensitivity (net)	-1 108	1 108

24) List of subsidiaries

Name of subsidiary	State of jurisdiction	% of ownership
Nordkalk AB	Sweden, Lärbro	100
Kalkproduktion Storugns AB	Sweden, Gotland	67
Nordkalk AS	Estonia, Vasalemma	100
Nordkalk GmbH	Germany, Lübeck	100
Nordkalk Sp.z o.o	Poland, Kracow	100
NK-East	Finland, Parainen	100
OOO Nordkalk Alekseevka	Russia, Alekseevka	100
OOO Nordkalk	Russia, Moscow	100
Nordkalk Ukraine TOV	Ukraine, Pidgaytsi	93,4
NK Prykarpattya TOV	Ukraine, Ivano-Frankivsk	93,4

Suomen Karbonaatti Oy	Finland, Lappeenranta	51
NKD Holding Oy Ab	Finland, Helsinki	51
Nordeka Maden A.S	Turkey, Istanbul	51

25) Non-controlling interest

The Group's subsidiary Suomen Karbonaatti Oy has material non-controlling interest. Nordkalk has control in Suomen Karbonaatti through the 51 per cent direct ownership.

The following table summarises the financial information of Suomen Karbonaatti, NKD Holding Oy and aggregate amount of all the other companies where the Group has non-controlling interest.

	31 December 2018	31 December 2018	31 December 2018	31 December 2018	31 December 2017	31 December 2017	31 December 2017	31 December 2017
<i>EUR thousand</i>	Suomen Karbonaatti	NKD Holding Oy	Other individually immaterial	Total	Suomen Karbonaatti	NKD Holding Oy	Other individually immaterial	Total
Non-current assets	6 391	7 750	2 605	16 746	7 510	7 765	3 034	18 309
Current assets	18 198	2 375	5 424	25 997	17 443	1 902	4 838	24 183
Non-current liabilities	9 000	4 075	0	13 075	9 000	1 738	0	10 738
Current liabilities	4 995	795	1 672	7 462	5 546	419	1 227	7 193
Net assets	10 594	5 255	6 357	22 206	10 407	7 510	6 645	24 562
Net assets attributable to non-controlling interest	5 191	2 575	2 007	9 773	5 099	3 680	2 102	10 882
Net assets attributable to the Group	5 403	2 680	4 350	12 433	5 308	3 830	4 542	13 680
Turnover	49 944	3 244	6 259	59 447	49 281	842	9 170	59 292
Profit for the period	6 187	-390	123	5 920	5 943	-437	722	6 228
Other comprehensive income for the period	0	0	0	0	0	0	0	0
Total comprehensive income	6 187	-390	123	5 920	5 943	-437	722	6 228
Profit for the period attributable to								
Owners of the company	3 155	-199	74	3 031	3 031	-223	478	3 286
Non-controlling interest	3 032	-191	49	2 889	2 912	-214	244	2 942

Other comprehensive income attributable to

Owners of the company	0	0	0	0	0	0	0	0
Non-controlling interest	0	0	0	0	0	0	0	0
Cash flow from operations	6 429	-157	1 790	8 062	9 035	82	-5 960	3 157
Cash flow from investments	-894	0	-479	-1 373	-1 222	-402	-5 446	-7 070
Cash flow from financing	-6 185	158	-348	-6 375	-6 372	512	8 611	2 751

Suomen Karbonaatti paid EUR 6,000 thousand in dividends in 2018 and EUR 6,500 thousand in 2017 to the owners.

26) Operating leases

LEASES AS LESSEE

The Group leases a number of machines and pieces of equipment under operating leases. The rents of operative leasing commitments are booked as expenses during the maturity period.

Future minimum lease payments

At 31 December, the future minimum lease payments under non-cancellable leases were payable as follows.

	2018	2017
<i>EUR thousand</i>		
Less than 1 year	2 595	2 275
Between 1 and 5 years	3 462	3 229
More than 5 years	24	30
Total	6 082	5 534

Amounts recognised in income statement

	2018	2017
<i>EUR thousand</i>		
Lease expense	2 414	2 380
Contingent rent expense	37	0
Total	2 451	2 380

27) Commitments and contingent assets and liabilities

GUARANTEES

Nordkalk Group has guaranteed obligations of several Nordkalk Group companies, associate companies and joint venture, arising from ordinary course of business.

	2018	2017
Guarantees issued by group companies	21 064	21 460

DISPUTES AND LEGAL PROCEEDINGS

Nordkalk Group is involved in some other minor legal actions, claims and proceedings. The final outcome of these matters cannot be predicted. Taking into account all available information to date the outcome is not expected to have material impact on the financial position of the Group.

28) Related parties

Nordkalk Group's related parties include subsidiaries, associated companies and joint ventures as well as the members of the Board and CEO and members of the Management Group. Subsidiaries are presented in Note 23. In addition, the immediate parent company Rettig Group Ltd and their subsidiaries, associated companies and joint ventures are related parties. All transactions and outstanding balances with these related parties are priced on an arm's length basis.

PARENT AND ULTIMATE CONTROLLING PARTY

Rettig Group Ltd (the "Parent") is the parent company of the Nordkalk Group.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel compensation

Key management personnel compensation comprised the following.

	2018	2017
<i>EUR thousand</i>		
President & CEO	439	302
Board of Directors	40	0
Other key management team	1 646	1 315
Total	2 125	1 617

OTHER RELATED PARTY TRANSACTIONS

	Transaction values		Balance outstanding	
	2018	2017	2018	2017
<i>EUR thousand</i>				
Sale of goods and services				
Parent of the Group (Rettig Group Ltd)	146	146	20 206	20 206
Joint venture	237	245	70	72
Purchase of goods and services (including financing)				
Parent of the Group (Rettig Group Ltd)	4 968	4 968	112 156	112 156
Joint venture	2 317	3 747	0	1 417

Joint venture

- Loan and related interest

43

44

804

813

29) Subsequent events

Nordkalk's Board of Directors has appointed CFO, M.Sc. Marcel Gestranus as Acting CEO for Nordkalk as of 17 January 2019.

Nordkalk will discontinue production at its plant in Louhi, Finland in the end of June due to the long continued difficult market situation where the production capacity exceeds the demand.

Lappeenranta 5 March 2019

Matts Rosenberg

João Ney Prado Colagrossi Filho

Raimo Lind

Chairman of the Board

Thomas Landell

Thomas Ekström

Anders Dahlblom

Marcel Gestranus

Acting CEO

The Financial Statement is made in accordance with the laws and regulations governing the preparations of the financial statements.

An auditor's Report has today been given.

Helsinki

March 2019

KPMG Oy Ab

Henry Maarala

Authorised Public Accountant



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Independent Auditor's Report

To Nordkalk Oy Ab

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Nordkalk Oy Ab (business identity code 1796277-5) for the year ended December 31, 2018. The consolidated financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a true and fair view of Nordkalk Group's financial performance, financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of Nordkalk Oy Ab and its subsidiaries in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters of emphasis

Without modifying our opinion, we draw attention to the notes to the consolidated financial statements, which describe the basis of preparation. The consolidated financial statements are prepared as part of the parent company Rettig Group Oy Ab's transition to International Financial Reporting Standards (IFRS) as adopted by EU. These consolidated financial statements can be made available to external users but should not be confused with the financial statements of Nordkalk Oy Ab registered in the Finnish Trade Register.

Our report is solely for the purpose set forth in the first paragraph and for your information and is not to be used for any other purpose.

Responsibilities of the Board of Directors and the Managing Director for the Consolidated Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The consolidated financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the Group or cease operations, or there is no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, March 5, 2019

KPMG Oy Ab

Henry Maarala
Authorized Public Accountant, KHT

Lappeenranta 5 March 2019



Matts Rosenberg

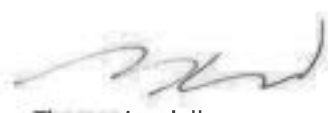
Chairman of the Board



João Ney Prado Colagrossi Filho



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Anders Dahlblom



Marcel Gestranius

Acting CEO

The Financial Statement is made in accordance with the laws and regulations governing the preparations of the financial statements.

An auditor's Report has today been given.

Helsinki 5 March 2019

KPMG Oy Ab



Henry Maarala

Authorised Public Accountant

Nordkalk Group

**Consolidated financial
statements 2019**

Consolidated income statement

<i>EUR thousand</i>	<i>Notes</i>	2019	2018
Turnover	5	289 954	300 085
Cost of sales	6	<u>-234 518</u>	<u>-248 121</u>
Gross profit		55 436	51 965
Sales and marketing expenses	6	-6 936	-8 141
Administrative & ICT expenses	6	-19 348	-19 347
Research and development expenses	6	-1 339	-1 566
Impairment loss on trade receivables and contract assets		-17	-214
Other income	6	8 268	9 507
Other expenses	6	<u>-12 937</u>	<u>-4 993</u>
		-32 309	-24 754
Share of profit (-loss) of equity-accounted investees, net of tax	17	460	469
EBIT		23 586	27 680
Finance income	7	1 318	2 684
Finance expenses	7	<u>-6 887</u>	<u>-5 839</u>
Net financial items	7	<u>-5 569</u>	<u>-3 155</u>
Profit before tax		18 018	24 525
Income tax expense	10	<u>-3 005</u>	<u>-3 673</u>
Profit		<u>15 013</u>	<u>20 852</u>
Profit attributable to:			
<input type="checkbox"/> Owners of the Company		12 218	17 863
<input type="checkbox"/> Non-controlling interests		2 795	2 989

The notes on pages 9 to 60 are an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income

<i>EUR thousand</i>	<i>Notes</i>	2019	2018
Profit		15 013	20 852
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Re-measurement of defined benefit liability (asset)	7	-185	-44
Related tax	9	40	10
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		-359	-3 623
Equity accounted investees – share of other comprehensive income	15	134	469
Cash flow hedges – effective portion of changes in fair value		237	3 885
Cash flow hedges – reclassified to profit or loss		-3 457	-384
Available-for-sale financial assets - net change in fair value		0	0
Available-for-sale financial assets - reclassified to profit or loss			
Related tax	9	664	-723
Other comprehensive income, net of tax		-2 926	-410
Total comprehensive income		12 087	20 442
Total comprehensive income attributable to:			
• Owners of the Company		9 292	17 454
• Non-controlling interests		2 795	2 989

The notes on pages 9 to 60 are an integral part of these consolidated financial statements.

Consolidated balance sheet

<i>EUR thousand</i>	<i>Notes</i>	31 December 2019	31 December 2018
Assets			
Other intangible assets	15	3 195	3 866
Property, plant and equipment	14	159 194	169 336
Right-of-use-assets	16	12 944	
Equity accounted investees	17	5 078	4 294
Other investments	18	624	625
Trade and other receivables, including derivatives	12	8 899	11 830
Deferred tax assets	10	3 191	3 248
Employee benefits	8	0	0
Non-current assets		193 125	193 199
Inventories	11	40 845	43 164
Trade and other receivables, including derivatives	12	60 548	70 589
Current tax asset	10	715	950
Cash and Cash equivalents	13	10 644	8 695
Current assets		112 753	123 398
Total assets		305 878	316 597

<i>EUR thousand</i>	<i>Notes</i>	31 December 2019	31 December 2018
Equity			
Share capital	19	1 000	1 000
Fund of invested unrestricted equity	19	39 686	39 048
Reserves	19	-6 080	-2 964
Retained earnings	19	50 712	49 118
Net profit for the period		6 718	12 263
Equity attributable to owners of the Company		92 037	98 465
Non-controlling interests	26	10 922	11 222
Total equity		102 958	109 688
Liabilities			
Loans and borrowings	21	24 056	19 597
Employee benefits	8	2 243	2 178
Trade and other payables, including derivatives	22	50	26

Provisions	23	7 355	7 534
Deferred tax liabilities	10	6 798	8 575
Total non-current liabilities		40 503	37 910
Loans and borrowings	21	101 739	115 121
Trade and other payables, including derivatives	22	59 527	53 270
Current tax liabilities	10	1 152	607
Total current liabilities		162 418	168 999
Total liabilities		202 921	206 910
Total equity and liabilities		305 878	316 597

The notes on pages 9 to 60 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital	Invested unrestricted equity fund	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total	Non-controlling interest	Total
<i>EUR thousand</i>									
Balance as at 1 January 2018	1 000	37 896	-3 346	765	0	58 811	95 126	10 882	106 008
Profit						17 863	17 863	2 989	20 852
Other comprehensive income			-3 623	2 778	469	-34	-410	0	-410
Total comprehensive income	0	0	-3 623	2 778	469	17 829	17 453	2 989	20 442
Transactions with owners									
Dividends						-8 900	-8 900	-2 940	-11 840
Share based payments		841				124	965	435	1 400
Group contribution net of tax						-4 480	-4 480	0	-4 480
Exchange rates and others		311			-7	-2 002	-1 698	-144	-1 842
Balance as at 31 December 2018	1 000	39 048	-6 969	3 543	462	61 382	98 466	11 222	109 688

	Share capital	Invested unrestricted equity fund	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total	Non-controlling interest	Total
<i>EUR thousand</i>									
Balance as at 1 January 2019	1 000	39 048	-6 969	3 543	462	61 382	98 466	11 222	109 688
Profit						12 218	12 218	2 795	15 013
Other comprehensive income		134	-359	-2 557		-145	-2 926	0	-2 926
Total comprehensive income	0	134	-359	-2 557	0	12 073	9 292	2 795	12 087
Transactions with owners									
Dividends						-11 038	-11 038	-2 940	-13 978
Share based payments		641			-311	0	330	27	357
Group contribution net of tax						-4 400	-4 400	0	-4 400
Exchange rates and others		-138			112	-587	-613	-182	-796
Balance as at 31 December 2019	1 000	39 686	-7 328	986	263	57 430	92 037	10 922	102 958

The notes on pages 9 to 60 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Notes	2 019	2 018
<i>EUR thousand</i>			
Cash Flow from operating activities			
EBIT		23 586	27 680
Adjustments :			
Depreciation		25 527	23 403
Share of profit of equity accounted investees, net of tax		-460	-469
Gain on sale of property plant and equipment		-479	-554
Other expenses		-2 430	298
		22 158	22 677
Changes in:			
Inventories		1 885	-2 082
Trade and other receivables		-2 269	-79
Trade and other payables		498	792
Provision and employee benefits		429	-1 762
		543	-3 132
Dividend income Equity accounted investees			
Net finance costs		-4 239	-4 189
Tax expenses		-3 878	-3 525
Cash flow discontinued operations		0	0
Net cash from operating activities		38 171	39 511
Cash flow from investing activities			
Proceeds from sale of property plant and equipment		-26	926
Financial investments		0	0
Acquisition of property plant and equipment		-17 788	-22 810
Cash flow discontinued operations		0	1
Net cash from (used in) investing activities		-17 814	-21 883
Cash flow from financing activities			
Proceeds from new borrowings	21	25 187	4 159
Repayment of long term loans	21	-26 431	-1 069
Payment of lease liability	21	-5 513	-3 328
Dividends paid		-13 978	-11 840
Repayment of short term loans		8 177	410
Investment loan receivable		0	0
Group Contribution		-5 500	-6 060
Net cash from (used in) financing activities		-18 058	-16 886
Net increase/decrease in cash and cash equivalents		2 299	741
Cash and cash equivalents at 1 January		8 695	7 774
Cash movement		2 299	741
Currency rate impact		-349	180
Cash impact Bore divestment (opening balance)		0	0
Cash and cash equivalents at 31 December		10 644	8 695

The notes on pages 9 to 60 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1) Reporting entity

Nordkalk Group (the "Nordkalk Group" or the "Group") is a limited liability company domiciled in Pargas, Finland. Rettig Group Ltd (the "Parent") is the parent company of the Nordkalk Group. Rettig Capital Ltd is the ultimate controlling party of the Nordkalk Group.

These consolidated financial statements comprise the parent company Nordkalk Oy and its subsidiaries (collectively the 'Group' and individually 'Group companies').

Nordkalk Group is the leading producer of high quality limestone-based products in Northern Europe. Nordkalk Group's products are mainly used in the pulp and paper, chemical, construction, metals and mining industries as well as in environmental care and agriculture.

2) Basis of preparation

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), using the IAS and IFRS standards and SIC and IFRIC interpretations, as applicable at 31 December 2019 and adopted by the European Union. The International Financial Reporting Standards refer to the standards implemented in the EU by Regulation (EC) 1606/2002, and the related interpretations. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation that supplements the IFRSs.

The consolidated financial statements are prepared as part of parent Company Rettig Group Oy Ab's transition to International Financial Reporting Standards (IFRS) as adopted by EU. These consolidated financial statements can be made available to external users but they must not be mixed with the financial statements of Nordkalk Oy Ab registered in the Finnish Trade Register.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis unless otherwise specified in the accounting policies section below.

FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in EUR, which is the company's functional currency. The consolidated financial statements are presented in EUR thousands. As result of rounding differences, the figures presented in the tables may not add up to the total.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements under IFRSs requires the use of judgements, estimates and assumptions affecting the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best view of current events and actions, the actual results may ultimately differ from these estimates. These estimates and assumptions are reviewed on an ongoing basis.

Information about judgements, assumptions and estimates that have a significant risk of resulting in a material change to reported results are described below.

Judgements

Classification of joint arrangements

IFRSs require joint arrangements to be classified as joint operations or joint ventures. The classification depends upon the rights and obligations of the parties and the accounting policies vary between categories. Further information on joint arrangements and classification is included in Note 17.

Assumptions and estimation uncertainties

Recognition of deferred tax assets

Uncertainty exists related to the availability of future taxable profit against which tax losses carried forward can be used. 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 the level of future taxable profits, together with future tax planning strategies. Further information on income taxes is disclosed in Note 10.

Defined benefit obligations – actuarial assumptions

The present value of pension obligations is subject to the actuarial assumptions used by actuaries to calculate these obligations. Actuarial assumptions include the discount rate, the annual rate of increase in future compensation levels and inflation rate. Further details on assumptions used are disclosed in Note 8.

Recognition and measurement of provisions

The most significant provisions in the statement of financial position relate to recultivation and restructuring programmes. The judgement applied mainly relates to the estimated amounts of costs. The precise amount and timing of these costs could differ significantly from estimates. Further information on provisions is included in Note 23.

Fair values 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 its judgement to select methods and make assumptions that are mainly based on market conditions existing at the end of reporting period. Factors regarding valuation techniques and their assumptions could affect the reported fair values.

3) Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

BASIS OF CONSOLIDATION

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Nordkalk Group does not have any goodwill at the end of reporting periods 2019 and 2018. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts relating to the settlement of pre-existing relationships. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are recognised as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it de-recognises the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities over which the Group has significant influence, but has not control nor joint control over the entities' financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are recognised using the equity method. These are initially recognised at cost, which includes transaction costs. Accounting policies applied by associates and joint ventures are, in all material respects, adjusted to the Group's accounting policies. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees up until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Assets held for sale and discontinued operations

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. These assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell.

A discontinued operation is a part of the Group's business, the operations and cash flows of which can be distinguished from the rest of the Group. Discontinued operation represents a separate major line of business, is part of a coordinated plan to dispose of a separate line of business or is a subsidiary acquired exclusively with a view to resale. 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. When an operation is classified as a discontinued operation, the comparative income statement and other comprehensive income (OCI) is represented as if the operation had been discontinued from the start of the comparative year.

TURNOVER

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Income from services is recognised as profit or loss when the service has been performed. Revenue is measured net of returns, trade discounts and volume rebates.

Segment information

The Group does not present segment information or apply IFRS 8 Operating Segments, since its equity or debt instruments are not traded in a public market.

GOVERNMENT GRANTS

Government grants relating to the purchase of property, plant and equipment or intangible assets are recognised as deferred income. This deferred income is recognised as profit or loss on a systematic basis over the useful life of the asset. Other government grants are recognised as profit or loss on a systematic basis over the period in which the entity recognises the related costs that the grants are compensating.

EMISSION RIGHTS

Emission rights granted to the company in "cap and trade" schemes are recognised as an intangible asset and measured at the nominal amount using the net value method.

Emission rights acquired to cover shortfalls, and shortfalls not covered by acquisition or grants, are reported as a cost provision according to their value at the reporting date. Gains on the sale of the surplus emission rights are recognised under other income.

FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into EUR at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into EUR at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to a non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve relating to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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 future benefit that employees have earned in the current and prior periods, discounting that 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 curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled within 12 months of the end of the reporting period, then they are discounted.

Share-based payments

The Group has share-based incentive programs that are settled in equity instruments. The expenses related to the incentive schemes are recognised in the statement of comprehensive income as employee benefit expense during the vesting period with a corresponding adjustment to equity. Plans that apply tranched vesting are accounted for under the graded vesting model.

INCOME TAX

The income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty relating to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- Temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out (FIFO) method or weighted average cost formula and includes expenditure incurred in acquiring the inventory items and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. The Group's inventories consist of finished goods, raw materials, and work-in-progress.

PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are recognised as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values applying the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and water are not depreciated with the exception of quarries and mines, which are subject to substance depreciations.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- | | | |
|-----------------------------------|-------------|-------------|
| • Buildings and structures | 10–40 years | |
| • Machinery and equipment | | 3–10 years |
| • Large processing machines/ovens | | 15–25 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

INTANGIBLE ASSETS

Recognition and measurement

Other intangible assets

Other intangible assets include patents, customer relationships, trademarks and software licences that are acquired by the Group and have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. The Group is not considered to have assets with indefinite useful lives.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated so as to write off the cost of intangible assets less their estimated residual values applying the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- Other intangibles assets 5–10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

BORROWING COSTS

Borrowing costs are generally recognised as expenses during the financial period in which they were incurred. Borrowing costs attributable to the construction of qualifying assets are capitalised as asset acquisition costs. Borrowing costs that arise on loans that are specific to the qualifying asset are essentially capitalised. The capitalisation of borrowing costs applies to major investment projects, which take a substantial period of time to finalise.

EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation activity relates to searches for mineral resources, determination of technical feasibility and assessment of commercial viability of an identified resource.

Administration costs that are not directly attributable to a specific exploration area are charged to the income statement. Exploration and evaluation expenditure is charged to the income statement as incurred except in the following circumstances, in which case the expenditure is capitalised:

In respect of minerals activities:

- When the exploration and evaluation activity is within an area of interest that was previously acquired as an asset acquisition or in a business combination and measured at fair value on acquisition; or
- When the existence of a commercially viable mineral deposit has been established.

Capitalised exploration and evaluation expenditure considered to be a tangible asset is recognised as a component of property, plant and equipment at cost less impairment losses. Otherwise, it is recognised as an intangible asset (such as certain licence and lease arrangements). All capitalised exploration and evaluation expenditure is monitored for indications of impairment. To the extent that capitalised expenditure is no longer expected to be recovered, it is charged to the income statement.

OVERBURDEN REMOVAL COSTS

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 interburden 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 mineral assets in property, plant and equipment.

RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised as profit or loss as incurred. Expenditure on development, in which research findings or other knowledge is applied to produce new or improved products or processes, is recognised as an asset in the statement of financial position if the product or process is technically and commercially feasible and the company has sufficient resources to complete development and then use or sell the intangible asset. Capitalised development costs are presented in the statement of the financial position and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised from the time when the asset is ready for use. Capitalised development costs for an asset that is not yet ready for use are tested for impairment annually. The estimated useful lives of development costs are reviewed at each reporting date and if these estimates differ significantly from previous estimates, the amortisation periods are adjusted accordingly. The maximum amortisation period for capitalised development costs is 5 years.

Capitalised exploration and evaluation expenditure is reclassified as an asset under construction and disclosed as a component of property, plant and equipment when proved reserves have been determined and development has been sanctioned. All subsequent development expenditure is capitalised and classified as assets under construction, provided commercial viability conditions continue to be satisfied. On completion of development, all assets included in assets under construction are reclassified as either plant and equipment or other mineral assets. Subsequent to initial recognition, capitalised development costs are measured at cost less accumulated amortisation and impairment losses.

FINANCIAL INSTRUMENTS

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and amortised cost. The classification of financial assets is based on the cash flow characteristics and the business model the asset is managed in.

The Group classifies financial liabilities into the following categories: financial liabilities at fair value through profit or loss and amortised cost.

Financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets – measurement

Financial assets at amortised cost

A financial asset is classified and subsequently measured at amortised cost if it meets the SPPI criterion and is managed within a held to collect business model.

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.

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for classification as subsequently measured at either amortised cost or fair value through other comprehensive income are classified and subsequently measured at fair value through profit or loss.

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other highly liquid investments with original maturities of three months or less. These are readily convertible to a known amount of cash and the risk of changes in value is low. Bank overdrafts are included in current liabilities in the consolidated statement of financial position.

Financial liabilities – measurement

Financial liabilities at fair value through profit or loss are measured at their fair value. The Group includes those derivatives for which hedge accounting is not applied and whose fair value is negative.

Financial liabilities recognised at amortised cost are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments, such as swaps, options and forwards, to hedge its foreign currency, interest rate, electricity price and emission right price exposures.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. The fair value changes for derivatives not under hedge accounting are recognised in finance income and finance expenses.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Positive derivative fair values are recognised under current or non-current assets and negative derivative fair values are recognised under current or non-current liabilities on the statement of financial position.

Hedge accounting

The Group applies hedge accounting to interest rate, electricity and for selected foreign currency derivatives. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other

comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

IMPAIRMENT

Financial assets

The Group recognises a loss allowance for the expected credit losses for financial assets not classified as fair value through profit or loss. The loss allowance is estimated as the full lifetime expected credit loss if the credit risk of the instrument has increased significantly since initial recognition, otherwise the loss allowance is estimated as the 12 months expected credit loss at the reporting date. Possible increase in credit risk for said assets is assessed at the end of each reporting period.

The loss allowance for trade receivables is estimated using the simplified method and measured as life time expected credit losses.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment is measured at the level of cash generating units, which are the smallest groups of assets that independently generate cash flows and whose cash flows can be distinguished from other cash flows.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating units.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss and initially allocated to reduce the carrying amount of any goodwill attributable to the cash generating unit, and then to reduce the carrying amounts of the other assets in the cash generating unit on a pro rata basis.

At the end of each reporting period, the Group assesses whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset, impairment losses in respect of goodwill are not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

PROVISIONS

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. No provisions are recognised for operating losses.

Site restoration

Estimated future expenses for the restoration of a site or area are capitalised. Capitalised amounts comprise estimated expenses, calculated at current value, which are simultaneously reported as provisions. Effects of subsequent events that result in costs that exceed the provision are discounted, capitalised, and added to the provisions, and then written off over the remaining life of the asset.

LEASES

The Group's capitalised lease agreements consist mainly of office premises, vehicles and production machinery and equipment lease agreements. The Group recognises a right-of-use (ROU) asset and a lease liability at the commencement of the lease. Whether a contract contains a lease is determined based on whether Nordkalk has the right to control the use of an identified asset for a period of time.

At the commencement date, a right-of-use asset as defined by IFRS 16 is measured at cost. The cost of the right-of-use asset shall comprise the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The nominal lease liability is initially measured at the present value of the lease payments over the lease term. The lease payments include fixed payments, amounts to be expected to be paid under residual value guarantees, the exercise price of reasonably certain extension options, and payments of penalties for terminating a lease in case this reflects the lease term. The lease payments are discounted using the interest rate implicit in the lease, if this rate can be readily determined. Otherwise the lessee's incremental borrowing rate is used. The incremental borrowing rates used are the sum of relevant interbank rates and average margin of group loan portfolio and are currency specific.

The initial measurement of the lease payments does not include possible variable elements. Variable lease payments not included in the initial measurement of the lease liability are recognised directly in the statement of income.

The lease term is the non-cancellable period of the lease plus period covered by an option to extend or option to terminate if the lessee is reasonably certain to exercise the extension option. Management judgment based on realistic estimates is used when determining the lease term, especially concerning lease agreements containing termination and purchase options and lease agreements with indefinite lease terms.

Subsequently, the right-of-use assets are measured at initial measurement less accumulated depreciation and impairment losses. The right-of-use assets are depreciated and interest on lease liabilities recognised in the statement of income over the lease term. The lease liabilities are subsequently measured at initial recognition less occurring lease payments that are allocated to the principal.

Lease payments are presented as repayments of liabilities and related interest expenses. The lease payments are presented in the cash flow from financing activities and the interest related to leases are presented in the cash flow from operating activities. Lease payments related to short-term leases, low-value assets and variable payments are presented in the cash flow from operating activities.

Contracts may combine different kinds of obligations to the supplier, which might be a combination of lease components or a combination of lease and non-lease components. These lease and non-lease components are accounted for separately and the consideration is allocated between the components based on relative stand-alone selling prices.

The lease and non-lease components are separated. In the case that separating the components is not possible judgement is used to allocate the non-lease component in the accounting. The selection of separating or not the non-lease component from lease is applied to the whole asset class.

Modifications to lease agreements may result in adjustments to existing right-of-use assets and lease liabilities. A gain or loss arising from a modification and a termination of a lease agreement is recognised in other operating income or other operating expenses in the statement of income.

The Group applies the two available exemptions, which relate to either short-term contracts, in which the lease term is less than 12 months, or low-value assets, which are expensed to other operating expenses.

EBIT

According to the definition used by the Group, EBIT consist of turnover, the share of profit of equity-accounted investees and other income deducted with total cost of sales, selling and distribution expenses, administrative expense, research and development expenses and other expenses.

4) New accounting standards

In 2019, the Group has adopted the following new and amended standards issued by the IASB.

IFRS 9 Financial Instruments. The Group has adopted IFRS 9 Financial Instruments 1 January 2018. IFRS 9 replaces the existing guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Under IFRS 9 financial assets are classified and subsequently measured based on the cash flow characteristics and the business model they are managed in. The Group has reclassified its financial assets to financial assets measured at amortised cost, fair value through profit or loss and fair value through other comprehensive income as shown below.

	Classification under IAS 39	Classification under IFRS 9
Trade and other receivables	Loans and receivables	Amortised cost
Derivatives under hedge accounting	Fair value through other comprehensive income	Fair value through other comprehensive income
Derivatives not under hedge accounting	Financial assets at fair value through profit or loss	Fair value through profit or loss
Investment portfolio	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss
Other investments	Held-to-maturity / Loans and receivables	Amortised cost
Other investments (LT equity investments)	Available-for-sale financial assets	Fair value through other comprehensive income*

The Group has elected to adopt the new general hedge accounting model in IFRS 9 prospectively. Under IFRS 9 hedge accounting aligns more closely with risk management practises. The Group hedges its foreign currency flows on a net exposure basis. Under IAS 39 net exposure hedges did not qualify for hedge accounting and were classified and subsequently measured at fair value through profit or loss. Under IFRS 9, net exposure hedges are allowed in hedge accounting and this increases the use of hedge accounting in the Group significantly.

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss model. The expected credit loss is based on historical and forward-looking information and is estimated at the end of each reporting period. The Group applies the simplified approach to assess the expected credit loss for trade receivables, the effect on retained earnings and trade receivables due to the adoption of the new expected credit loss model was EUR 8 thousand in the opening balance of January 1, 2018.

Amendments to IFRS 2 Share-based Payment* - Clarification and Measurement of Share-based Payment Transactions. The amendments address to clarify the classification and measurement of share-based payment transactions where cash-settled share-based payments include a performance condition, share-based payments settled net of tax withholdings and modification of share-based payment transactions from cash-settled to equity-settled. The amendments have no impact on the consolidated financial statements.

IFRIC 22 Interpretation Foreign Currency Transactions and Advance Consideration*. When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item. The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The interpretation has no impact on the consolidated financial statements.

IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019). The new standard replaces IAS 17 Leases. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as a right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short-term contracts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5,000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. The Group will adopt the standard using the modified retrospective approach where comparative figures will not be restated, further, the Group intends to use the two available reliefs, low-value and short-term leases, to the widest possible extent.

On transition to IFRS 16, the Group recognised additional right-to-use assets, including investment property, and additional lease liabilities, recognising the difference in retained earnings. The impact of transition is summarised below.

<i>EUR thousand</i>	1 January 2019
Right-of-use assets	7871
Deferred tax asset	7
Lease liabilities	7883
Retained earnings	-5

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using incremental borrowing rate at 1 January 2019. The weighted average rate applied is 6 %.

<i>EUR thousand</i>	1 January 2019
Operating lease commitments at 31 December as disclosed under IAS 17 Group's consolidated financial statements	6 081
Discounted using the incremental borrowing rate at 1 January 2019	5 294
Finance lease liabilities recognised as at 31 December 2018	15 586
Leases of low-value assets	-96
Leases with less than 12 months of lease term at transition	-2 214
Extension options reasonably certain to be exercised	4 899
Lease liabilities recognised at 1 January 2019	23 469

Adoption of new standards and interpretations applicable in future financial years

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below:

*Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** (the effective date has been postponed indefinitely). The amendments address to clarify the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments have no impact on the consolidated financial statements.

*Annual Improvements to IFRSs (2014–2016 cycle)** (effective for financial years beginning on or after 1 January 2017 for IFRS 12 and on or after 1 January 2018 for IFRS 1 and IAS 28). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The cycle contains amendments to three standards. Their impacts vary standard by standard but are not significant.

* – not yet endorsed for use by the European Union as of 31 December 2019.

5) Turnover

EUR thousand	Geographical markets								Total	
	North East Europe		Scandinavia		Central Europe		Internal sales elimination			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Reportable segments										
Pulp and Paper	60 028	61 377	19 630	15 509		0			79 658	76 886
Metals and Mining	22 750	32 436	12 743	12 445	9 359	7 323			44 852	52 203
Construction	34 263	36 845	8 860	8 753	31 480	32 091			74 603	77 690
Chemical Industry	16 695	17 268	3 926	3 875	3 005	3 096			23 626	24 239
Agriculture	14 170	14 967	5 852	5 928	13 808	12 799			33 830	33 694
Environment	13 823	15 940	9 632	9 400	7 146	7 004			30 602	32 344
Other sales	2207	2 294	575	735		0			2782	3029
Internal sales	19671	19 626	10267	12 629	684	866	-30 622	-33 121	0	0
Total	183 607	200 753	71 486	69 274	65 483	63 179	-30 622	-33 121	289 953	300 085

Timing of revenue recognition

Products transferred at a point in time	183 607	200 753	71 486	69 274	65 483	63 179			289 953	300 085
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6) Income and expenses

Other income

<i>EUR thousand</i>	2019	2018
Gain from sale of fixed assets	502	1 379
Rent income	855	1 086
Subsidies and grants	1	9
Compensation from insurance company	398	1 327
Non-recurring income other	411	566
Sale of district heating	864	1 094
Sales of services	695	1 811
Other	4 545	2 234
Total	8 268	9 507

Other expenses

<i>EUR thousand</i>	2019	2018
Losses on divestment of fixed assets	0	13
Non-recurring expenses other	1 330	1 433
Restructuring costs	3 183	449
Project(s) costs	4 210	0
Write downs	170	0
Other	4 044	3 098

Total	12 937	4 992
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Expenses by nature

	2019	2018
<i>EUR thousand</i>		
Energy	36 244	39 101
Material	56 586	55 524
Employee benefits	45 389	49 050
Sub-contracting services	25 810	28 925
Maintenance	15 412	16 423
Depreciation and amortisation	25 527	23 403
Research and development expenses	149	239
External transportation	30 795	32 988
Other	26 245	31 109
Total	262 158	276 762

Auditor fees

	2019	2018
<i>EUR thousand</i>		
Audit	123	116
Audit related services	0	2
Tax advisory	7	4
Other services	1	5
Total	130	127

7) Net financial items

	2019	2018
<i>EUR thousand</i>		
<i>Fair value changes of derivatives</i>		
Foreign exchange	57	225
Emission	0	148
Electricity	223	1 308
Interest income	423	312
Exchange differences	559	564
Gains from investments	0	0
Other finance income	56	127
Finance income	1 318	2 684
<i>Fair value changes of derivatives</i>		
Foreign exchange	-167	20
Electricity	-1 149	-103
Interest expense	-4 601	-4 804
Exchange differences	-669	-476

Loss from investments	0	0
Unwind of discount on site restoration provision	-45	-40
Other finance expense	-256	-436
Finance costs	-6 887	-5 839
Net financial items recognised in profit or loss	-5 569	-3 155

8) Employee benefits

Pension and other long-term employee benefits

The Group has a number of pension plans covering its operations complying with each country's local rules and obligations. Moreover, the Group applies defined contribution and defined benefit pension plans. Under 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. Most of the Groups pension plans are defined contribution plans.

Defined benefit plans are pension plans which are not defined contribution plans. The defined benefit obligation is calculated by independent authorised actuaries. The discount rate for actuarial calculations is determined by the reference to market yields of high-quality corporate bonds or government bonds by taking into account the duration of the defined benefit obligation. Used discount rates are country specific. Pension benefits are normally based on the number of working years and salary. Most defined benefit plans are located in Sweden and Poland constituting around 87 % of the defined pension liability in the Group's statement of financial position. Swedish plan provides an old-age pension cover for plan members. Plan members receive a lump-sum payment upon retirement in 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 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 plan liabilities. The Group expects to pay EUR 123 thousand in contributions to its defined benefit plans in 2019.

	31 December 2019	31 December 2018
EUR thousand		
Defined benefit asset	0	0
Total employee benefit asset	0	0
Defined benefit liability	1 844	1 815
Liability for long-service leave	355	363
Other employee benefits	0	0
Total employee benefits liabilities	2 199	2 178
Non-current	2 199	2 178
Current	0	0
Total	2 199	2 178

MOVEMENT IN NET DEFINED BENEFIT (ASSET) LIABILITY

	Defined benefit obligation		Fair value of plan assets		Net defined benefits liability (asset)	
	2019	2018	2019	2018	2019	2018
EUR thousand						
Balance at 1 January	1 815	1 924	0	0	1 815	1 924
Included in profit or loss						
Current service cost	20	19	0	0	20	19
Interest income	0	0	0	0	0	0
Past service cost (credit)	0	0	0	0	0	0
Interest cost (income)	18	29	0	0	18	29
Included in other comprehensive income:						
• Actuarial loss (gain) arising from change in demographic assumptions	0	1	0	0	0	1
• Actuarial loss (gain) arising from change in financial assumptions	166	54	0	0	166	54
• Actuarial loss (gain) arising from experience adjustments	17	-11	0	0	17	-11
Effect of movements in exchange rates	-69	-73	0	0	-69	-73
Other						
Contributions paid by the employer	0	0	123	128	-123	-128
Benefits paid	-123	-128	-123	-128	0	0
Business combinations and disposals	0	0	0	0	0	0
Other	0	0	0	0	0	0
Balance at 31 December	1 844	1 815	0	0	1 844	1 815

DEFINED BENEFIT OBLIGATION

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

EUR thousand	2019	2018
Discount rate	0.90%	1.90%
Expected salary growth	2.60%	2.60%
Expected future pension growth	1.70%	2.00%

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 10.3 years (2018: 10.1 years). In 2019 the Group expects to pay 123 thousand EUR to the defined benefit plans.

Sensitivity analysis

Reasonably probable changes at the reporting date to one of the relevant actuarial assumptions, all other assumptions remaining unchanged, would have affected the defined benefit obligation by the amounts shown below.

EUR thousand	31 December 2019		31 December 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	-206	206	-195	195

Future salary growth (1% movement)	43	-43	35	-35
Future pension growth (1% movement)	194	-194	194	-194

While the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Share-based payments

In 2018 the Group implemented long-term incentive plans to the key management of Nordkalk Group. The plans consist of two equity-settled compensation schemes, restricted matching shares and performance shares, and are conditional to the receiver making an initial personal investment in the company in question.

Restricted matching shares are earned based on continuation of employment and holding of personal initial investment. Restricted matching shares are paid upon initial investment. The restricted matching shares have a tranching vesting pattern that follows the performance periods and vest gradually during 2018-2023. The fair value of the combined rewards at the grant date was EUR 1 140 thousand. The share-based expense recognised in 2019 related to the restricted matching shares was EUR 129 thousand.

Performance shares are earned based on continuation of employment, holding of personal initial investment and subject to the fulfilment of predetermined performance criteria over the performance period. The plan includes four three-year performance periods which are calendar years 2018-2020, 2019-2021, 2020-2022 and 2021-2023. The grant date for all performance periods is determined as 31 December 2017. The performance criterion for the performance periods is the ultimate parent company's theoretical Internal Rate of Return (IRR) for its shareholding in the company in question, the minimum earn-out is 0 %, the target 10 % and maximum 20 %.

If market condition

The IIR is treated as a market condition and is based on a theoretical valuation of the company in question at the end of each performance period. The fair value of the combined rewards at the grant date was EUR 1 140 thousand. The share-based expense recognised in 2019 related to performance shares was EUR 212 thousand.

If non-market condition

The IIR is treated as a non-market condition and is based on a theoretical valuation of the company in question at the end of each performance period. At the end of each reporting period the cumulative share-based cost expected to be paid out is revised based on the estimated IIR at the end of the performance period at that point in time. At the reporting date approximately 30 % of the maximum performance shares were estimated to vest. The share-based expense recognised in 2019 related to the matching shares was EUR 212 thousand.

9) Employee benefit expenses

	2019	2018
<i>EUR thousand</i>		
Wages and salaries	35 644	38 062
Social security contributions	9 425	10 448
Contributions to defined contribution plans	-21	127
Share-based payments	341	412
Total	45 389	49 050

Number of personnel	2019	2018
Finland	369	410
Other EU countries	484	578
Other European countries	17	14
Rest of the world		
Total	870	1 002

10) Income taxes

Amounts recognised in income statement

<i>EUR thousand</i>	2019	2018
Current year and previous years taxes		
For the financial period	-3 974	-3 517
For previous financial periods	0	-2
Change in deferred taxes	970	-153
Total	-3 005	-3 672

Amounts recognised in other comprehensive income

<i>EUR thousand</i>	2019	2018
Items that will never be reclassified to income statement		
Tax related to post-employment defined benefit plans	40	10
Items that are or may be reclassified to income statement		
Tax related to Cash flow hedges – effective portion of changes in fair value	664	-723
Tax related to Available for sale financial assets	0	0
Total	704	-713

Reconciliation of effective tax rate

<i>EUR thousand</i>	2019	2018
Profit before tax	18 018	24 525
Tax using the Company's domestic tax rate (20%)	-3 604	-4 905
Effect of tax rates in foreign jurisdictions	1	277
Non-deductible expenses	-667	-516
Tax-exempt income	23	237
Current year losses for which no deferred tax asset was recognised	50	126
Utilization of tax losses for which no deferred tax has been recognised	0	1
Change in unrecognised temporary differences (tax losses)	0	0
Prior year taxes	0	1

Effect of tax consolidation/tax group in one country	0	0
Effect of share of profits of equity-accounted investees	92	94
Other	1 100	1 014
Tax in profit and loss statement in Euro	<u>-3 004</u>	<u>-3 670</u>
Effective tax rate	16.67%	14.96%

Deferred tax assets

2018

EUR thousand

	Opening balance at 1 January	Exchange difference opening	Recognised in income statement	Exchange difference P/L	Recognised in OCI	Acquisitions, divestments and other	Closing balance at 31 December
Intangible assets	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Property, plant and equipment	201 €	-1 €	93 €	0 €	0 €	0 €	293 €
Financial assets	87 €	0 €	7 €	1 €	11 €	0 €	106 €
Inventories	520 €	-6 €	23 €	0 €	0 €	0 €	538 €
Post-employment benefit obligations/assets	201 €	-2 €	2 €	-2 €	10 €	0 €	207 €
Provisions	586 €	-5 €	-46 €	-4 €	0 €	0 €	531 €
Tax losses carried forward	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Long-term assets / liabilities	-887 €	27 €	33 €	0 €	0 €	0 €	-828 €
Short-term assets / liabilities	-361 €	0 €	-29 €	0 €	0 €	0 €	-390 €
Other temporary differences	3 173 €	-82 €	-301 €	1 €	0 €	0 €	2 792 €
TOTAL DEFERRED TAX	3 520 €	-68 €	-218 €	-4 €	20 €	0 €	3 248 €

Deferred tax liabilities

2018

EUR thousand

	Opening balance at 1 January	Exchange difference opening	Recognised in income statement	Exchange difference P/L	Recognised in OCI	Acquisitions, divestments and other	Closing balance at 31 December
Intangible assets	74 €	0 €	31 €	0 €	0 €	0 €	105 €
Property, plant and equipment	9 184 €	-61 €	112 €	0 €	0 €	0 €	9 234 €
Financial assets	292 €	-1 €	325 €	-6 €	733 €	0 €	1 348 €
Inventories	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Post-employment benefit obligations/assets	19 €	-1 €	6 €	0 €	0 €	0 €	25 €
Provisions	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Tax losses carried forward	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Long-term assets / liabilities	-924 €	27 €	33 €	0 €	0 €	0 €	-865 €
Short-term assets / liabilities	-882 €	0 €	-613 €	0 €	0 €	0 €	-1 495 €
Other temporary differences	187 €	-6 €	43 €	0 €	0 €	0 €	224 €
TOTAL DEFERRED TAX	7 950 €	-43 €	-65 €	-6 €	733 €	0 €	8 575 €

Deferred tax assets
2019

EUR thousand

	Opening balance at 1 January	Exchange difference opening	Recognised in income statement	Exchange difference P/L	Recognised in OCI	Acquisitions, divestments and other	Closing balance at 31 December
Intangible assets	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Property, plant and equipment	293 €	-1 €	-5 €	0 €	0 €	0 €	287 €
Financial assets	106 €	0 €	-32 €	2 €	15 €	0 €	90 €
Inventories	538 €	2 €	30 €	0 €	0 €	0 €	569 €
Post-employment benefit obligations/assets	207 €	1 €	2 €	-2 €	40 €	0 €	249 €
Provisions	531 €	2 €	134 €	3 €	0 €	0 €	669 €
Tax losses carried forward	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Long-term assets / liabilities	-828 €	-9 €	42 €	0 €	0 €	0 €	-795 €
Short-term assets / liabilities	-390 €	0 €	-2 €	0 €	0 €	0 €	-391 €
Other temporary differences	2 792 €	25 €	-303 €	-1 €	0 €	0 €	2 513 €
TOTAL DEFERRED TAX	3 248 €	20 €	-135 €	2 €	55 €	0 €	3 191 €

Deferred tax liabilities
2019

EUR thousand

	Opening balance at 1 January	Exchange difference opening	Recognised in income statement	Exchange difference P/L	Recognised in OCI	Acquisitions, divestments and other	Closing balance at 31 December
Intangible assets	105 €	0 €	-117 €	0 €	0 €	0 €	-13 €
Property, plant and equipment	9 234 €	-4 €	-174 €	-1 €	0 €	0 €	9 054 €
Financial assets	1 348 €	-1 €	-259 €	-5 €	-649 €	0 €	431 €
Inventories	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Post-employment benefit obligations/assets	25 €	0 €	18 €	0 €	0 €	0 €	42 €
Provisions	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Tax losses carried forward	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Long-term assets / liabilities	-865 €	-9 €	42 €	0 €	0 €	0 €	-832 €
Short-term assets / liabilities	-1 495 €	0 €	-627 €	0 €	0 €	0 €	-2 122 €
Other temporary differences	224 €	0 €	14 €	0 €	0 €	0 €	238 €
TOTAL DEFERRED TAX	8 575 €	-15 €	-1 105 €	-5 €	-649 €	0 €	6 798 €

UNRECOGNISED DEFERRED TAX LIABILITIES

The Group does not provide for deferred taxes on the distributable earnings of non-Finnish subsidiaries, to the extent that such earnings are intended to be permanently reinvested in those operations and repatriation would give rise to tax expenses.

UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of the following items, since it is not probable that future taxable profits will be available against which to utilise the benefits.

	2019	2018
EUR thousand		
Deductible temporary differences (will never expire)	9 449	6 547
Tax losses	0	5

TAX LOSSES CARRIED FORWARD

Unrecognised tax losses carried forward expire as follows.

	Tax losses carried forward		Recognised deferred tax assets losses		Unrecognised deferred tax assets losses	
	2019	2018	2019	2018	2019	2018
EUR thousand						
Never Expire	9 449	6 547	0	0	9 449	6 547
Total losses with expiration date	1 569	1 107	0	0	1 569	1 107
Current year	0	5	0	0	0	5
Current year + 1	0	0	0	0	0	0
Current year + 2	0	172	0	0	0	172
Current year + 3	472	415	0	0	472	415
Current year + 4	0	471	0	0	0	471
Current year + 5 or more	1 097	44	0	0	1 097	44

11) Inventories

	31 December 2019	31 December 2018
<i>EUR thousand</i>		
Raw materials and consumables	9 423	11 940
Work in progress	3 328	4 049
Finished goods	33 115	31 735
Gross value of inventories	45 867	47 724
Inventory provision to the carrying value	-5 022	-4 560
Total	40 845	43 164

12) Trade and other receivables

	31 December 2019	31 December 2018
<i>EUR thousand</i>		
Trade receivables	39 924	36 656
Trade receivables due from related parties	13 471	21 087
<i>Fair value of financial instruments</i>		
Electricity	1 746	6 084
Foreign exchange	218	336
Other	0	0
Financial leasing receivables	8 033	10 477
Other receivables	6 056	7 779
Total	69 447	82 420
Non-current	8 899	11 830
Current	60 548	70 589
Total	69 447	82 420

CREDIT AND MARKET RISKS, AND IMPAIRMENT LOSSES

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables is included in Note 24.

13) Cash and cash equivalents

<i>EUR thousand</i>	31 December 2019	31 December 2018
Bank balances	10 644	8 695
Total	10 644	8 695

14) Property, plant and equipment

Reconciliation of the carrying amount

<i>EUR thousand</i>	Land and water	Buildings	Plant and equipment	Other assets	Under construction	Total
Balance at 1 January 2018	92 958	52 506	180 116	19 581	10 741	363 217
Additions	1	749	1 708	511	19 446	27 330
Transfers and/or corrections	1 490	1 908	4 731	1 930	-12 132	-72
Disposals	-113	-381	-734	-15	-986	-555
Effect of movements in exchange rates	-2 668	-876	-3 280	-233	-162	574
Balance at 31 December 2018	91 668	53 966	182 542	21 774	16 907	366 857
Balance at 1 January 2019	91 668	53 966	182 542	21 774	16 907	366 857
Additions	323	155	1 085	825	14 683	17 071
Acquisitions through business combinations						0
Transfers and/or corrections	2 004	1 274	7 024	2 935	-13 598	-360
Disposals	-11	-120	-780	-61	12	-961

Effect of movements in exchange rates	-654	86	-654	24	-303	-1 501
Balance at 31 December 2019	93 331	55 361	189 218	25 496	17 701	381 107

Accumulated depreciation and impairment losses

Balance at 1 January 2018	-30 530	-21 525	-125 127	-8 755	0	-189 286
Depreciation	-4 491	-2 830	-11 695	-1 676	0	-20 692
Disposals	0	28	274	15	0	317
Effect of movements in exchange rates	336	264	2 453	100	0	3 153
Balance at 31 December 2018	-34 685	-24 063	-134 094	-10 316	0	-203 158

Balance at 1 January 2019	-34 685	-24 063	-134 094	-10 316	0	-203 158
Depreciation	-4 553	-2 862	-10 808	-2 012	0	-20 235
Disposals	4	77	756	61	0	898
Effect of movements in exchange rates	115	-36	505	-1	0	583
Balance at 31 December 2019	-39 119	-26 885	-143 641	-12 268	0	-221 912

Carrying amounts

At 31 December 2018	56 983	29 903	48 448	11 458	16 907	163 699
At 31 December 2019	54 212	28 476	45 577	13 229	17 701	159 195

PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION

Nothing special or bigger item.

15) Intangible assets

Reconciliation of carrying amount

<i>EUR thousand</i>	Intangible rights	Development expenses	Other capitalised expenses	Total
Balance at 1 January 2018	1 888	10	9 910	11 808
Increases	43	5	347	395
Transfers & or corrections	-31	0	1 159	1 128
Effect of movements in exchange rates	-17	1	-8	-24
Balance at 31 December 2018	1 883	16	11 408	13 307
Balance at 1 January 2019	1 883	16	11 408	13 307
Increases	1	168	455	624
Transfers & or correction	-39	0	417	378
Effect of movements in exchange rates	26	3	1	31
Balance at 31 December 2019	1 871	187	12 282	14 340
Accumulated amortisation and impairment losses				
Balance at 1 January 2018	-1 495	0	-6 964	-8 459
Amortisation	-127	0	-957	-1 084
Transfers	85	0	0	85
Effect of movements in exchange rates	0	0	0	0
Balance at 31 December 2018	17	0	-4	21
	-1 520	0	-7 918	-9 438

Balance at 1 January 2019	-1 520	0	-7 918	-9 438
Amortisation	-124	0	-1 642	-1 767
Decreases due to divestments	70	0	0	70
Transfers	0	0	0	0
Effect of movements in exchange rates	-7	0	-2	-10
Balance at 31 December 2019	-1 582	0	-9 562	-11 145

Carrying amounts

At 31 December 2018	363	16	3 491	3 870
At 31 December 2019	289	187	2 719	3 195

Amortisation

Amortisation of patents, trademarks and development costs is included in research and development costs.

16) Leases

Reconciliation of the carrying amount

<i>EUR thousand</i>	Land and water	Buildings	Plant and equipment	Other assets	Under construction	Total
Balance at 1 January 2019	3 407	175	15 074	0	0	18 656
Additions	71	39	2 187	0	0	2 297
Acquisitions through business combinations					0	0
Transfers and/or corrections	0	0	167	0	0	167
Disposals	1	0	0	0	0	2
Effect of movements in exchange rates	0	0	0	0	0	0
Balance at 31 December 2019	3 479	214	17 428	0	0	21 121
Accumulated depreciation and impairment losses						
Balance at 1 January 2019	0	0	-4 997	0	0	-4 997
Depreciation	-143	-82	-3 301	0	0	-3 525
Disposals	0	0	363	0	0	363
Effect of movements in exchange rates	-1	-1	-16	0	0	-18
Balance at 31 December 2019	-144	-82	-7 951	0	0	-8 177
Carrying amounts						
At 31 December 2019	3 335	132	9 477	0	0	12 944
Lease liabilities						

Balance at 1 January 2019	23 469
Additions	3017
Interest expense	-730
Payments	-5 513
Balance at 31 December 2019	20 243
Total lease liabilities	
Non-current	16 368
Current	3 876

<i>EUR thousand</i>	2019
Amounts recognised in income statement	
Depreciation of right-of-use assets	-3 525
Interest expense	-730
Expense - Short-term leases	-2 174
Expense - leases of low-value assets	-96

17) Equity-accounted investees

<i>EUR thousand</i>	31 December 2019	31 December 2018
Interests in associates	54	-96
Interest in joint venture	5 024	4 390
Total	5 078	4 294

JOINT VENTURE

NorFraKalk AS is the only joint arrangement in which the Group participates. It is a lime kiln built in co-operation with Franzefoss Minerals AS and located in Norway. The Group management has designated the arrangement a joint venture as the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The following table shows summary financial information for NorFraKalk.

<i>EUR thousand</i>	31 December	
	2019	2018
Percentage ownership interest	50%	50%
Non-current assets	13 379	14 844
Current assets	7 471	7 008
Non-current liabilities	7 244	8 789
Current liabilities	3 558	4 282
Net assets (100%)	10 048	8 781
Group's share of net assets (50%)	5 024	4 390
Carrying amount of interest in joint venture	5 024	4 390
Turnover	12 962	12 948
EBIT	1 349	849
Profit/loss for the period	908	938
Group's share of profit/loss for the period	454	469
Other comprehensive income	269	975
Total comprehensive income for the period (100%)	1 177	1 913
50 % of total comprehensive income	589	957
Exchange difference	45	-73
Group's share of profit and total comprehensive income	634	884

Dividends received by the Group
Share capital increase

0 0
0 0

ASSOCIATES

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

18) Other investments

	31 December 2019	31 December 2018
<i>EUR thousand</i>		
<i>Non-current investments</i>		
Other investments	624	625
	624	625
Total	624	625

Other non-current investments include other unlisted shares recognised for at cost less any impairment losses.

19) Capital and reserves

	Amount of shares	Share capital	Invested unrestricted equity fund	Reserves	Retained earnings	Total
<i>EUR thousand</i>						
On 31 December 2018	11 038 132	1 000	39 048	-2 964	73 724	110 808
On 31 December 2019	11 038 132	1 000	39 686	-6 080	68 352	102 957

SHARE CAPITAL

The share capital (ordinary shares) consists of 11 038 132 shares in one series. In accordance with the Articles of Association, the share has no nominal value of and carries one vote. All shares afford equal rights to the distribution of dividends. All issued shares have been fully paid. The Group companies do not hold any own shares.

The subscription price of a share received in connection with share issues is credited to the share capital, unless the share issue decision provides that part of the subscription price is to be recorded in the invested unrestricted equity fund.

During the financial year 2019, the company redeemed 17 240 of its own shares at a total price of EUR 311 thousands. The acquisition cost has been recognized to reduce retained earnings.

INVESTED UNRESTRICTED EQUITY FUND

The invested unrestricted equity fund includes other equity investments and any part of the subscription price of the shares that according to the related decision is not to be credited to the share capital.

OTHER RESERVES

Other reserves include the hedging and cumulative translation difference. The hedging reserve includes derivative instruments used for cash-flow hedging. The translation difference reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

RETAINED EARNINGS

Retained earnings include earnings and losses and remeasurement of defined benefit plans.

OTHER COMPREHENSIVE INCOME ACCUMULATED IN RESERVES, NET OF TAX

The disaggregation of other comprehensive income by each type of reserve in equity:

	Attributable to owners of the Company				Non-controlling interests	Total OCI
	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings		
<i>EUR thousand</i>						
31 December 2019						
Re-measurements of defined benefit liability (asset)				-495	0	-495
Foreign operations - foreign currency translation differences	-7 328			-7 328	0	-7 328
Cash flow hedges - effective portion of changes in fair value		956		956	0	956
Available-for-sale financial assets - change in fair value			0	0	0	0
Equity-accounted investees - share of OCI			603	603	0	603
Total	-7 328	956	603	-495	0	-6 263

31-Dec-18

Re-measurements of defined benefit liability (asset)		-355	-355	0	-355
Foreign operations - foreign currency translation differences	-6 960		-6 960	0	-6 960
Cash flow hedges - effective portion of changes in fair value		3 542	3 542	0	3 542
Available-for-sale financial assets - change in fair value		0	0	0	0
Equity-accounted investees - share of OCI		462	462	0	462
Total		3 542	-3 320	0	-3 320

20) Capital management

The Board's policy is to retain a sufficiently robust capital base to maintain market confidence and to sustain future development of the business. Management monitors the return on capital employed.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the benefits and security afforded by a sound capital position. The Group's target is to achieve a return on capital employed above 9 per cent; in 2019 the return was 8.2 per cent (2018: 9.4 per cent).

21) Loans and borrowings

Non-current liabilities

<i>EUR thousand</i>	31 December 2019	31 December 2018
Loans from related party	1 921	2 456
Finance lease liabilities	16 368	11 374
Other loans	5 768	5 768
Total	24 056	19 597

Current liabilities

<i>EUR thousand</i>	31 December 2019	31 December 2018
Loans from Related party	97 607	105 418
Current portion of finance lease liabilities	3 876	4 212
Other loans	256	-109
Total	101 739	109 521
Total liabilities	125 795	129 118

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 24.

CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities is as follows.

<i>EUR thousand</i>	Loans from related party	Finance lease liabilities	Other loans	Total
Balance as at 1 January 2019				
Changes from financing cash flows				
Proceeds from loans and borrowings	107 874	15 586	5 658	129 118
	21 804		366	22 170

Repayment of borrowings	-25 557	-25 557
Payment of financial lease liabilities	-5 513	-5 513
Total	-3 753	-5 513 366 -8 900

Changes arising from obtaining or losing control of subsidiaries or other businesses

Effect of changes in foreign exchange rates	-698	-698
Change in fair value	0	0
Other changes	7 883	7 883
New financial lease	3 017	3 017
Interest expense	-3 895	-730 -4 625
Balance as at 31 December 2019	99 528	20 243 6 024 125 795

TERMS AND REPAYMENT SCHEDULE

The terms and conditions of outstanding loans are as follows.

	Currency	Year of maturity	Carrying amount	Carrying amount
			31 December 2019	31-Dec-18
<i>EUR thousand</i>				
Loans from related party	EUR	2020-2023	61 175	83 675
Loans from related party	RUB	2020	40	35
Loans from related party	SEK	2020	31 876	17 260
Loans from related party	TRY	2022	837	1 304
Other loans	EUR	2020-2023	6 024	5 658
Group Contribution liability to related party	EUR	2020	5 600	5 600
Financial lease liabilities	EUR	2020-	20 243	15 586
Total interest-bearing liabilities			125 795	129 118

22) Trade and other payables

	31 December 2019	31 December 2018
<i>EUR thousand</i>		
Trade payables	39 274	39 038
<i>Fair value of financial instruments</i>		
Electricity	105	307
Foreign exchange	175	179
Interest rate swaps	0	0
Other	0	0
Accrual & Other expenses	14 523	14 182
Liabilities to related parties	5 500	5 600
Total	59 577	59 307
Non-current	50	26
Current	59 527	58 870
Total	59 577	58 897

Information about the Group's exposure to currency and liquidity risk is included in Note 24.

23) Provisions

EUR thousand

	Site restoration	Restructuring	Other provisions	Total
Balance at 1 January 2018	3 873	4 354	527	8 754
Provisions recognise	812	0	0	812
Provisions utilised	0	-1 320	-505	-1 825
Increase from acquisition	0	0	0	0
Unwind of discount	0	0	0	0
Exchange differences opening balance	-72	-113	-21	-206
Balance at 31 December 2018	4 613	2 921	1	7 535
Non-current	4 613	2 921	1	7 535
Current	0	0	0	0
Balance at 1 January 2019	4 613	2 921	1	7 535
Provisions recognise	608	1 981	0	2 589
Provisions utilised	125	-2 824	0	-2 699
Unwind of discount	0	0	0	0
Exchange differences on opening	-31	-37	0	-69
Increase from acquisition				0
Balance at 31 December 2019	5 315	2 041	1	7 356
Non-current	5 315	2 041	1	7 356
Current	0	0	0	0

SITE RESTORATION

The provision for site restoration primarily relates to the quarries.

OTHER

Other provisions consist mainly of legal and agent leaving indemnity provisions.

24) Financial instruments

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets and financial 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. Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2. Fair value determined by observable parameters
- Level 3. Fair value determined by non-observable parameters

31 December 2019	Carrying amount	Fair value through Profit and loss	Fair value through other comprehensive income	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
EUR thousand										
Financial assets measured at fair value										
Forward exchange contracts used for hedging		218				218		218		218
Electricity hedges	1 356	390				1 746	1 746			1 746
Financial assets not measured at fair value										
Trade and other receivables (Excl. Derivative instruments)				67 483		67 483				
Cash and cash equivalents				10 644		10 644				
Other investments			624	0	0	624	0	624		624
Financial liabilities measured at fair value										
Forward exchange contracts used for hedging	175					175		175		175
Electricity hedges	105					105	105			105
Financial liabilities not measured at fair value										
Loans from related party					99 528	99 528				
Loans from financial institutions						0				
Other loan					6 024	6 024				
Finance lease liabilities					20 243	20 243				
Trade and other payables (Excl. derivative instruments)					39 274	39 274				

FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

Risk management framework

The Board of Directors of the Parent has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors of the Parent has established a Risk Management Policy for the Group. This contains the Treasury Policy, Credit Risk Policy and Electricity Risk Management Policy.

The Group's risk management policy is essentially risk-averse. The aim is to safeguard the EUR value of the cash flow from operations. In order to achieve this the Group identifies and analyses the risks faced by the Group, sets appropriate risk limits and controls and monitors risks and adherence to limits. Risk management policies and systems are regularly reviewed by the Parent, and if changed, adopted by the Group to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Group oversees how management monitors compliance with the adopted risk management policies and procedures. The Board of Directors of the Group is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures. The Board of Directors of the Group receive reports on the findings.

Market risk

Market risk is the risk that changes in market prices will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group manages electricity price risks within the framework defined in the Risk Management Policy. Hedging targets are achieved mainly by using financial electricity derivative contracts.

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 mainly from the Group's receivables due from customers and the funding of subsidiaries in form of loans.

The carrying amount of financial assets represents the maximum credit exposure.

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.

Impairment

At the reporting date, the ageing of trade receivables that were not impaired was as follows. The recognised impairment loss in 2019 and 2018 are calculated using the expected credit loss model in IFRS 9.

	31 December 2019	31 December 2018
<i>EUR thousand</i>		
Total trade receivables	39 924	36 656
Not overdue	33 831	29 630
Overdue 1 – 30 days	5 300	6 884
Overdue 31 – 60 days	591	151
Overdue 61 – 90 days	83	33
More than 90 days	460	377
Impairment loss recognised	-340	-419

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 10 644 thousand at 31 December 2019 (31 December 2018: EUR 8 695 thousand).

Derivatives

The Group hedges currency risk with currency forward deals against the Parent that acts as the sole counterparty. External currency hedging is solely performed by the Parent.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when these are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors the level of expected cash inflows for trade and other receivables together with expected cash outflows for trade and other payables.

In addition, the Group maintains the following lines of credit:

- EUR 148.6 million short-term loan and overdraft facilities that are unsecured. Interest would be payable at the rate based on internal rating of the Group. The internal rating is done by an external party using Moody's rating principles.
- EUR 16.95 million long-term credit limit. Interest would be paid as specified above.

Exposure to liquidity risk

The following are the residual contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments, but exclude the impact of netting agreements.

31 December 2019

EUR thousand	Contractual cash flows					
	Carrying amount	Total	1-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Loans from related party	99 528	99 528	97 111	496	1 921	
Other loan	6 024	5 762	262	1 090	4 410	
Financial lease liabilities	20 243	22 317	4 639	3 048	9 145	5 485
Trade payables	39 274	39 274	39 274			
	165 069	166 881	141 286	4 634	15 476	5 485
Derivative financial liabilities						
Forward exchange contracts used for hedging	175	175	175			
Electricity hedges	105	105	105			
	280	280	280	0	0	0

31 December 2018

EUR thousand	Contractual cash flows					
	Carrying amount	Total	1-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Loans from related party	107 874	108 750	105 810	468	2 472	
Other loan	5 658	7 007	238	262	6 507	
Financial lease liabilities	15 586	18 144	4 794	6 507	6 507	335
Trade payables	39 038	39 038	39 038			
	168 157	172 939	149 880	7 237	15 486	335
Derivative financial liabilities						
Forward exchange contracts used for hedging	179	344	344			
Electricity hedges	307	307	307			
	487	651	651	0	0	0

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows the net cash flow amounts for derivatives that are net cash-settled and the gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The interest payments on 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 rate. 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.

Currency risk

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 euro, the Polish Zloty (PLN), the Swedish krona (SEK) and the Norwegian krone (NOK). The currencies in which these transactions are primarily denominated are EUR, PLN, SEK and NOK. Additional exposures may arise from purchase of fuel in USD.

At any point in time, the Group hedges on average 60 to 80 per cent of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 15 months. The Group uses forward exchange contracts to hedge its currency risk, with a maturity of up to 15 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.

	2019			
<i>EUR thousand</i>	SEK	USD	NOK	PLN
Gross exposure	3 853	-4 530	-2 424	229
Hedged	2 263	2 649	1 678	350
Net exposure	1 590	-1 881	-746	-121

Sensitivity analysis (+/- 10%)

<i>EUR thousand</i>				
Income statement	159	-188	-75	-12

	2018			
<i>EUR thousand</i>	SEK	USD	NOK	PLN
Gross exposure	1 774	-7 986	-2 661	1 933
Hedged	-840	5 235	824	-1 376
Net exposure	934	-2 751	-1 837	579

Sensitivity analysis (+/- 10%)

<i>EUR thousand</i>				
Income statement	93	-275	-184	58

The following material exchange rates have been applied.

	2019	2018
EUR/SEK	10,4668	10,2548
EUR/USD	1,1225	1,1450
EUR/NOK	9,8638	9,9483
EUR/PLN	4,2568	4,3014

Interest rate risk

The Group adopts a policy of financing investments through long-term borrowing, generally with a five-year term at inception.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the Group management is as follows:

EUR thousand	Carrying amount	
	2019	2018
Variable rate instruments		
Financial liabilities	105 552	113 533
Total	105 552	113 533

Cash flow sensitivity analysis for variable rate instruments

A reasonably probable change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

EUR thousand	Profit or loss	
	100 basis points increase	100 basis points decrease
31 December 2019		
Variable rate instruments	-1 056	1 056
Interest rate swaps	0	0
Cash flow sensitivity (net)	-1 056	1 056
31 December 2018		
Variable rate instruments	-1 135	1 135
Interest rate swaps	0	0
Cash flow sensitivity (net)	-1 135	1 135

25) List of subsidiaries

Name of subsidiary	State of jurisdiction	% of ownership
Nordkalk AB	Sweden, Lärbro	100
Kalkproduktion Storugns AB	Sweden, Gotland	67
Nordkalk AS	Estonia, Vasalemma	100
Nordkalk GmbH	Germany, Lübeck	100
Nordkalk Sp.z o.o	Poland, Krakow	100
NK-East	Finland, Parainen	100
ООО Nordkalk Alekseevka	Russia, Alekseevka	100
ООО Nordkalk	Russia, Moscow	100
Nordkalk Ukraine TOV	Ukraine, Pidgaytsi	93,4

NK Prykarpattya TOV	Ukraine, Ivano-Frankivsk	93,4
Suomen Karbonaatti Oy	Finland, Lappeenranta	51
NKD Holding Oy Ab	Finland, Helsinki	51
Nordeka Maden A.S	Turkey, Istanbul	51

26) Non-controlling interest

The Group's subsidiary Suomen Karbonaatti Oy has material non-controlling interest. Nordkalk has control in Suomen Karbonaatti through the 51 per cent direct ownership.

The following table summarises the financial information of Suomen Karbonaatti, NKD Holding Oy and aggregate amount of all the other companies where the Group has non-controlling interest.

	31 December 2019	31 December 2019	31 December 2019	31 December 2019	31 December 2018	31 December 2018	31 December 2018	31 December 2018
<i>EUR thousand</i>	Suomen Karbonaatti	NKD Holding Oy	Other individually immaterial	Total	Suomen Karbonaatti	NKD Holding Oy	Other individually immaterial	Total
Non-current assets	5 863	7 464	2 182	15 509	6 391	7 750	2 605	16 746
Current assets	18 376	2 140	7 154	27 670	18 198	2 375	5 424	25 997
Non-current liabilities	9 036	3 953	16	13 004	9 000	4 075	0	13 075
Current liabilities	4 439	1 602	2 551	8 592	4 995	795	1 672	7 462
Net assets	10 764	4 050	6 769	21 583	10 594	5 255	6 357	22 206
Net assets attributable to non- controlling interest	5 274	1 984	2 111	9 370	5 191	2 575	2 007	9 773
Net assets attributable to the Group	5 490	2 065	4 658	12 213	5 403	2 680	4 350	12 433
Turnover	47 905	4 203	6 313	58 421	49 944	3 244	6 259	59 447
Profit for the period	6 170	-840	348	5 678	6 187	-390	123	5 920
Other comprehensive income for the period	0	0	0	0	0	0	0	0
Total comprehensive income	6 170	-840	348	5 678	6 187	-390	123	5 920

Profit for the period attributable to

Owners of the company	3 147	-428	225	2 943	3 155	-199	74	3 031
--------------------------	-------	------	-----	-------	-------	------	----	-------

Non-controlling interest	3 023	-412	123	2 735	3 032	-191	49	2 889
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Other comprehensive income attributable to

Owners of the company	0	0	0	0	0	0	0	0
Non-controlling interest	0	0	0	0	0	0	0	0
Cash flow from operations	8 151	-537	1 299	8 913	6 429	-157	1 790	8 062
Cash flow from investments	-1 022	0	-480	-1 502	-894	0	-479	-1 373
Cash flow from financing	-5 956	537	108	-5 311	-6 185	158	-348	-6 375
Total Cash flow	1 173	0	927	2 100	-650	1	963	314

Suomen Karbonaatti paid EUR 6 000 thousand in dividends in 2019 and EUR 6 000 thousand in 2018 to the owners.

27) Commitments and contingent assets and liabilities

GUARANTEES

Nordkalk Group has guaranteed obligations of several Nordkalk Group companies, associate companies and joint venture, arising from ordinary course of business.

	2019	2018
Guarantees issued by group companies	17 213	21 064

DISPUTES AND LEGAL PROCEEDINGS

Nordkalk Group is involved in some other minor legal actions, claims and proceedings. The final outcome of these matters cannot be predicted. Taking into account all available information to date the outcome is not expected to have material impact on the financial position of the Group.

28) Related parties

Nordkalk Group's related parties include subsidiaries, associated companies and joint ventures as well as the members of the Board and CEO and members of the Management Group. Subsidiaries are presented in Note 25. In addition, the immediate parent company Rettig Group Ltd and their subsidiaries, associated companies and joint ventures are related parties. All transactions and outstanding balances with these related parties are priced on an arm's length basis.

PARENT AND ULTIMATE CONTROLLING PARTY

Rettig Group Ltd (the "Parent") is the parent company of the Nordkalk Group.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel compensation

Key management personnel compensation comprised the following.

	2019	2018
<i>EUR thousand</i>		
President & CEO	392	439
Board of Directors	196	40
Other key management team	1 504	1 646
Total	2 092	2 125

OTHER RELATED PARTY TRANSACTIONS

	Transaction values		Balance outstanding	
	2019	2018	2019	2018
<i>EUR thousand</i>				
Sale of goods and services				
Parent of the Group (Rettig Group Ltd)	244	176	13 688	21 422
Joint venture	177	237	18	70
Purchase of goods and services (including financing)				
Parent of the Group (Rettig Group Ltd)	4 171	5 042	105 758	111 488
Joint venture	2 926	2 317	1 058	0
Joint venture				
- Loan and related interest	45	43	406	804

29) Subsequent events

Helsinki 3 March 2020



Matts Rosenberg
Chairman of the Board



João Ney Prado Colagrossi Filho



Raimo Lind



Thomas Landell



Thomas Ekström



Anders Dahlblom



Paul Gustavsson
CEO

The Financial Statement is made in accordance with the laws and regulations governing the preparations of the financial statements.

An auditor's Report has today been given.

Helsinki 3 March 2020

KPMG Oy Ab



Henry Maarala
Authorised Public Accountant



Independent Auditor's Report

To Nordkalk Oy Ab

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Nordkalk Oy Ab (business identity code 1796277-5) for the year ended December 31, 2019. The consolidated financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a true and fair view of Nordkalk Group's financial performance, financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of Nordkalk Oy Ab and its subsidiaries in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters of emphasis

Without modifying our opinion, we draw attention to the notes to the consolidated financial statements, which describe the basis of preparation. The consolidated financial statements are prepared as part of the parent company Rettig Group Oy Ab's transition to International Financial Reporting Standards (IFRS) as adopted by EU. These consolidated financial statements can be made available to external users but should not be confused with the financial statements of Nordkalk Oy Ab registered in the Finnish Trade Register.

Our report is solely for the purpose set forth in the first paragraph and for your information and is not to be used for any other purpose.

Responsibilities of the Board of Directors and the Managing Director for the Consolidated Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The consolidated financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the Group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, March 3, 2020

KPMG Oy Ab



Henry Maarala
Authorized Public Accountant, KHT

Nordkalk Group

**Consolidated financial
statements 2020**

Consolidated income statement

<i>EUR thousand</i>	<i>Notes</i>	2020	2019
Turnover	5	275,899	289,954
Cost of sales	6	-212,554	-236,168
Gross profit		63,345	53,786
Sales and marketing expenses	6	-6,148	-6,954
Administrative & ICT expenses	6	-16,904	-17,698
Research and development expenses	6	-1,057	-1,339
Impairment loss on trade receivables and contract assets		-95	-17
Other income	6	16,505	8,268
Other expenses	6	-11,243	-12,920
		-18,942	-30,659
Share of profit (-loss) of equity-accounted investees, net of tax	16	683	460
EBIT		45,086	23,586
Finance income	7	1,079	1,318
Finance expenses	7	-5,057	-6,887
Net financial items	7	-3,978	-5,569
Profit before tax		41,108	18,018
Income tax expense	10	-4,674	-3,005
Profit		36,434	15,013
Profit attributable to:			
• Owners of the Company		33,427	12,218
• Non-controlling interests		3,007	2,795

The notes on pages 9 to 52 are an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income

<i>EUR thousand</i>	<i>Notes</i>	2020	2019
Profit		36,434	15,013
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Re-measurement of defined benefit liability (asset)	9	-54	-185
Related tax	10	9	40
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		-3,939	-359
Equity accounted investees – share of other comprehensive income	17	0	134
Cash flow hedges – effective portion of changes in fair value		-595	237
Cash flow hedges – reclassified to profit or loss		-622	-3,457
Available-for-sale financial assets - net change in fair value		0	0
Available-for-sale financial assets - reclassified to profit or loss			
Related tax	10	249	664
Other comprehensive income, net of tax		-4,952	-2,926
Total comprehensive income		31,482	12,087
Total comprehensive income attributable to:			
• Owners of the Company		28,474	9,292
• Non-controlling interests		3,007	2,795

The notes on pages 9 to 52 are an integral part of these consolidated financial statements.

Consolidated balance sheet

<i>EUR thousand</i>	<i>Notes</i>	31 December 2020	31 December 2019
Assets			
Other intangible assets	15	9,227	3,195
Property, plant and equipment	14	141,410	159,194
Right-of-use-assets	16	11,766	12,944
Equity accounted investees	17	5,507	5,078
Other investments	18	625	624
Trade and other receivables, including derivatives	12	7,610	8,899
Deferred tax assets	10	2,826	3,191
Employee benefits	9	0	0
Non-current assets		178,971	193,125
Inventories	11	39,481	40,845
Trade and other receivables, including derivatives	12	39,034	60,548
Current tax asset	10	507	715
Cash and Cash equivalents	13	34,357	10,644
Current assets		113,380	112,753
Total assets		292,351	305,878

<i>EUR thousand</i>	<i>Notes</i>	31 December 2020	31 December 2019
Equity			
Share capital	19	1,000	1000
Fund of invested unrestricted equity	19	43,417	39,686
Reserves	19	-11,042	-6,080
Retained earnings	19	43,485	50,712
Net profit for the period		20,127	6,718
Equity attributable to owners of the Company		96,987	92,036
Non-controlling interests	26	10,995	10,922
Total equity		107,982	102,957
Liabilities			
Loans and borrowings	21	19,732	24,056
Employee benefits	9	2,190	2,243
Trade and other payables, including derivatives	22	614	50
Provisions	23	4,830	7,355
Deferred tax liabilities	10	6,528	6,798

Total non-current liabilities		33,894	40,503
Loans and borrowings	21	88,734	101,739
Trade and other payables, including derivatives	22	60,821	59,527
Current tax liabilities	10	919	1,152
Total current liabilities		150,474	162,418
Total liabilities		184,369	202,921
Total equity and liabilities		292,351	305,878

The notes on pages 9 to 52 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital	Invested unrestricted equity fund	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total	Non-controlling interest	Total
<i>EUR thousand</i>									
Balance as at 1 January 2019	1 000	39 048	-6 969	3 543	462	61 382	98 466	11 222	109 688
Profit						12 218	12 218	2 795	15 013
Other comprehensive income		134	-359	-2 557		-145	-2 926	0	-2 926
Total comprehensive income	0	134	-359	-2 557	0	12 073	9 292	2 795	12 087
Transactions with owners									
Dividends						-11 038	-11 038	-2 940	-13 978
Share based payments		641			-311	0	330	27	357
Group contribution net of tax						-4 400	-4 400	0	-4 400
Exchange rates and others		-138			112	-587	-613	-182	-796
Balance as at 31 December 2019	1 000	39 686	-7 328	986	263	57 430	92 037	10 922	102 958

	Share capital	Invested unrestricted equity fund	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total	Non-controlling interest	Total
<i>EUR thousand</i>									
Balance as at 1 January 2020	1,000	39,685	-7,328	986	263	57,430	92,036	10,922	102,958
Profit									
						33,427	33,427	3,007	36,434
Other comprehensive income		0	-3,939	-968	-45	0	-4,952	0	-4,952
Total comprehensive income	0	0	-3,939	-968	-45	33,427	28,474	3,007	31,482
Transactions with owners									
Dividends						-13,025	-13,025	-2,940	-15,965
Share based payments		1,496				33	1,529		1,529
Group contribution net of tax						-13,300	-13,300	0	-13,300
Exchange rates and others		2,236	-10		0	-953	1,273	6	1,278
Balance as at 31 December 2020	1,000	43,417	-11,277	18	218	63,612	96,988	10,995	107,982

The notes on pages 9 to 52 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

<i>EUR thousand</i>	<i>Notes</i>	<i>2020</i>	<i>2019</i>
<i>Cash Flow from operating activities</i>			
EBIT		45,086	23,586
Adjustments :			
Depreciation		24,283	25,527
Share of profit of equity accounted investees, net of tax		-683	-460
Gain on sale of property plant and equipment		-58	-479
Other expenses			-2,430
		23,542	22,158
Changes in:			
Inventories		1,585	1,885
Trade and other receivables		7,602	-2,269
Trade and other payables		-6,650	498
Provision and employee benefits		-1,534	429
		1,003	543
Dividend income Equity accounted investees			
Net finance costs		-3,989	-4,239
Tax expenses		-4,403	-3,878
Cash flow discontinued operations		0	0
Net cash from operating activities		61,239	38,171
<i>Cash flow from investing activities</i>			
Proceeds from sale of property plant and equipment		238	-26
Financial investments		0	0
Acquisition of property plant and equipment		-12,408	-17,788
Cash flow discontinued operations		0	1
Net cash from (used in) investing activities		-12,170	-17,813
<i>Cash flow from financing activities</i>			
Proceeds from new borrowings	21	9,530	25,187
Repayment of long term loans	21	-22,400	-26,431
Increased equity		-39	840
Payment of lease liability	21	-4,428	-5,513
Dividends paid		-15,965	-13,978
Repayment of short term loans		13,305	8,177
Investment loan receivable		0	0
Group Contribution		-5,500	-5,500
Net cash from (used in) financing activities		-25,497	-16,886
Net increase/decrease in cash and cash equivalents		23,572	3,472
Cash and cash equivalents at 1 January		10,644	7,774
Cash movement		23,572	3,472
Currency rate impact		141	180
Cash impact Bore divestment (opening balance)		0	0
Cash and cash equivalents at 31 December		34,357	10,644

The notes on pages 9 to 52 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1) Reporting entity

Nordkalk Group (the “Nordkalk Group” or the “Group”) is a limited liability company domiciled in Pargas, Finland. Rettig Group Ltd (the “Parent”) is the parent company of the Nordkalk Group. Rettig Capital Ltd is the ultimate controlling party of the Nordkalk Group.

These consolidated financial statements comprise the parent company Nordkalk Oy and its subsidiaries (collectively the ‘Group’ and individually ‘Group companies’).

Nordkalk Group is the leading producer of high quality limestone-based products in Northern Europe. Nordkalk Group’s products are mainly used in the pulp and paper, chemical, construction, metals and mining industries as well as in environmental care and agriculture.

2) Basis of preparation

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), using the IAS and IFRS standards and SIC and IFRIC interpretations, as applicable at 31 December 2020 and adopted by the European Union. The International Financial Reporting Standards refer to the standards implemented in the EU by Regulation (EC) 1606/2002, and the related interpretations. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation that supplements the IFRSs.

The consolidated financial statements are prepared as part of parent Company Rettig Group Oy Ab’s transition to International Financial Reporting Standards (IFRS) as adopted by EU. These consolidated financial statements can be made available to external users but they must not be mixed with the financial statements of Nordkalk Oy Ab registered in the Finnish Trade Register.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis unless otherwise specified in the accounting policies section below.

FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in EUR, which is the company’s functional currency. The consolidated financial statements are presented in EUR thousands. As result of rounding differences, the figures presented in the tables may not add up to the total.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements under IFRSs requires the use of judgements, estimates and assumptions affecting the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management’s best view of current events and actions, the actual results may ultimately differ from these estimates. These estimates and assumptions are reviewed on an ongoing basis.

Information about judgements, assumptions and estimates that have a significant risk of resulting in a material change to reported results are described below.

Judgements

Classification of joint arrangements

IFRSs require joint arrangements to be classified as joint operations or joint ventures. The classification depends upon the rights and obligations of the parties and the accounting policies vary between categories. Further information on joint arrangements and classification is included in Note 17.

Assumptions and estimation uncertainties**Recognition of deferred tax assets**

Uncertainty exists related to the availability of future taxable profit against which tax losses carried forward can be used. 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 the level of future taxable profits, together with future tax planning strategies. Further information on income taxes is disclosed in Note 10.

Defined benefit obligations – actuarial assumptions

The present value of pension obligations is subject to the actuarial assumptions used by actuaries to calculate these obligations. Actuarial assumptions include the discount rate, the annual rate of increase in future compensation levels and inflation rate. Further details on assumptions used are disclosed in Note 9.

Recognition and measurement of provisions

The most significant provisions in the statement of financial position relate to recultivation and restructuring programmes. The judgement applied mainly relates to the estimated amounts of costs. The precise amount and timing of these costs could differ significantly from estimates. Further information on provisions is included in Note 23.

Fair values 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 its judgement to select methods and make assumptions that are mainly based on market conditions existing at the end of reporting period. Factors regarding valuation techniques and their assumptions could affect the reported fair values.

3) Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

BASIS OF CONSOLIDATION**Business combinations**

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Nordkalk Group does not have any goodwill at the end of reporting periods 2020 and 2019. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred. The consideration transferred does not include amounts relating to the settlement of pre-existing relationships. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are recognised as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it de-recognises the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities over which the Group has significant influence, but has not control nor joint control over the entities' financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are recognised using the equity method. These are initially recognised at cost, which includes transaction costs. Accounting policies applied by associates and joint ventures are, in all material respects, adjusted to the Group's accounting policies. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees up until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Assets held for sale and discontinued operations

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. These assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell.

A discontinued operation is a part of the Group's business, the operations and cash flows of which can be distinguished from the rest of the Group. Discontinued operation represents a separate major line of business, is part of a coordinated plan to dispose of a separate line of business or is a subsidiary acquired exclusively with a view to resale. 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. When an operation is classified as a discontinued operation, the comparative income statement and other comprehensive income (OCI) is represented as if the operation had been discontinued from the start of the comparative year.

TURNOVER

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Income from services is recognised as profit or loss when the service has been performed. Revenue is measured net of returns, trade discounts and volume rebates.

Segment information

The Group does not present segment information or apply IFRS 8 Operating Segments, since its equity or debt instruments are not traded in a public market.

GOVERNMENT GRANTS

Government grants relating to the purchase of property, plant and equipment or intangible assets are recognised as deferred income. This deferred income is recognised as profit or loss on a systematic basis over the useful life of the asset. Other government grants are recognised as profit or loss on a systematic basis over the period in which the entity recognises the related costs that the grants are compensating.

EMISSION RIGHTS

Emission rights granted to the company in “cap and trade” schemes are recognised as an intangible asset and measured at the nominal amount using the net value method.

Emission rights acquired to cover shortfalls, and shortfalls not covered by acquisition or grants, are reported as a cost provision according to their value at the reporting date. Gains on the sale of the surplus emission rights are recognised under other income.

FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency at the exchange rate at the date when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into EUR at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into EUR at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to a non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve relating to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

EMPLOYEE BENEFITS

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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 future benefit that employees have earned in the current and prior periods, discounting that 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 curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled within 12 months of the end of the reporting period, then they are discounted.

Share-based payments

The Group has share-based incentive programs that are settled in equity instruments. The expenses related to the incentive schemes are recognised in the statement of comprehensive income as employee benefit expense during the vesting period with a corresponding adjustment to equity. Plans that apply tranched vesting are accounted for under the graded vesting model.

INCOME TAX

The income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty relating to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out (FIFO) method or weighted average cost formula and includes expenditure incurred in acquiring the inventory items and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. The Group's inventories consist of finished goods, raw materials, and work-in-progress.

PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are recognised as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values applying the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land and water are not depreciated with the exception of quarries and mines, which are subject to substance depreciations.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- | | | |
|-----------------------------------|-------------|-------------|
| • Buildings and structures | 10–40 years | |
| • Machinery and equipment | | 3–10 years |
| • Large processing machines/ovens | | 15–25 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

INTANGIBLE ASSETS

Recognition and measurement

Other intangible assets

Other intangible assets include patents, customer relationships, trademarks and software licences that are acquired by the Group and have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses. The Group is not considered to have assets with indefinite useful lives.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated so as to write off the cost of intangible assets less their estimated residual values applying the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- Other intangibles assets 5–10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

BORROWING COSTS

Borrowing costs are generally recognised as expenses during the financial period in which they were incurred. Borrowing costs attributable to the construction of qualifying assets are capitalised as asset acquisition costs. Borrowing costs that arise on loans that are specific to the qualifying asset are essentially capitalised. The capitalisation of borrowing costs applies to major investment projects, which take a substantial period of time to finalise.

EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation activity relates to searches for mineral resources, determination of technical feasibility and assessment of commercial viability of an identified resource.

Administration costs that are not directly attributable to a specific exploration area are charged to the income statement. Exploration and evaluation expenditure is charged to the income statement as incurred except in the following circumstances, in which case the expenditure is capitalised:

In respect of minerals activities:

- When the exploration and evaluation activity is within an area of interest that was previously acquired as an asset acquisition or in a business combination and measured at fair value on acquisition; or
- When the existence of a commercially viable mineral deposit has been established.

Capitalised exploration and evaluation expenditure considered to be a tangible asset is recognised as a component of property, plant and equipment at cost less impairment losses. Otherwise, it is recognised as an intangible asset (such as certain licence and lease arrangements). All capitalised exploration and evaluation expenditure is monitored for indications of impairment. To the extent that capitalised expenditure is no longer expected to be recovered, it is charged to the income statement.

OVERBURDEN REMOVAL COSTS

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 interburden 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 mineral assets in property, plant and equipment.

RESEARCH AND DEVELOPMENT COSTS

Research costs are recognised as profit or loss as incurred. Expenditure on development, in which research findings or other knowledge is applied to produce new or improved products or processes, is recognised as an asset in the statement of financial position if the product or process is technically and commercially feasible and the company has sufficient resources to complete development and then use or sell the intangible asset. Capitalised development costs are presented in the statement of the financial position and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised from the time when the asset is ready for use. Capitalised development costs for an asset that is not yet ready for use are tested for impairment annually. The estimated useful lives of development costs are reviewed at each reporting date and if these estimates differ significantly from previous estimates, the amortisation periods are adjusted accordingly. The maximum amortisation period for capitalised development costs is 5 years.

Capitalised exploration and evaluation expenditure is reclassified as an asset under construction and disclosed as a component of property, plant and equipment when proved reserves have been determined and development has been sanctioned. All subsequent development expenditure is capitalised and classified as assets under construction, provided commercial viability conditions continue to be satisfied. On completion of development, all assets included in assets under construction are reclassified as either plant and equipment or other mineral assets. Subsequent to initial recognition, capitalised development costs are measured at cost less accumulated amortisation and impairment losses.

FINANCIAL INSTRUMENTS

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and amortised cost. The classification of financial assets is based on the cash flow characteristics and the business model the asset is managed in.

The Group classifies financial liabilities into the following categories: financial liabilities at fair value through profit or loss and amortised cost.

Financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets – measurement

Financial assets at amortised cost

A financial asset is classified and subsequently measured at amortised cost if it meets the SPPI criterion and is managed within a held to collect business model.

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.

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria for classification as subsequently measured at either amortised cost or fair value through other comprehensive income are classified and subsequently measured at fair value through profit or loss.

Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other highly liquid investments with original maturities of three months or less. These are readily convertible to a known amount of cash and the risk of changes in value is low. Bank overdrafts are included in current liabilities in the consolidated statement of financial position.

Financial liabilities – measurement

Financial liabilities at fair value through profit or loss are measured at their fair value. The Group includes those derivatives for which hedge accounting is not applied and whose fair value is negative.

Financial liabilities recognised at amortised cost are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments, such as swaps, options and forwards, to hedge its foreign currency, interest rate, electricity price and emission right price exposures.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. The fair value changes for derivatives not under hedge accounting are recognised in finance income and finance expenses.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Positive derivative fair values are recognised under current or non-current assets and negative derivative fair values are recognised under current or non-current liabilities on the statement of financial position.

Hedge accounting

The Group applies hedge accounting to interest rate, electricity and for selected foreign currency derivatives. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other

comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

IMPAIRMENT

Financial assets

The Group recognises a loss allowance for the expected credit losses for financial assets not classified as fair value through profit or loss. The loss allowance is estimated as the full lifetime expected credit loss if the credit risk of the instrument has increased significantly since initial recognition, otherwise the loss allowance is estimated as the 12 months expected credit loss at the reporting date. Possible increase in credit risk for said assets is assessed at the end of each reporting period.

The loss allowance for trade receivables is estimated using the simplified method and measured as life time expected credit losses.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment is measured at the level of cash generating units, which are the smallest groups of assets that independently generate cash flows and whose cash flows can be distinguished from other cash flows.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating units.

An impairment loss is recognised if the carrying amount of an asset or cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss and initially allocated to reduce the carrying amount of any goodwill attributable to the cash generating unit, and then to reduce the carrying amounts of the other assets in the cash generating unit on a pro rata basis.

At the end of each reporting period, the Group assesses whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Group estimates the recoverable amount of that asset, impairment losses in respect of goodwill are not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

PROVISIONS

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. No provisions are recognised for operating losses.

Site restoration

Estimated future expenses for the restoration of a site or area are capitalised. Capitalised amounts comprise estimated expenses, calculated at current value, which are simultaneously reported as provisions. Effects of subsequent events that result in costs that exceed the provision are discounted, capitalised, and added to the provisions, and then written off over the remaining life of the asset.

LEASES

The Group's capitalised lease agreements consist mainly of office premises, vehicles and production machinery and equipment lease agreements. The Group recognises a right-of-use (ROU) asset and a lease liability at the commencement of the lease. Whether a contract contains a lease is determined based on whether Nordkalk has the right to control the use of an identified asset for a period of time.

At the commencement date, a right-of-use asset as defined by IFRS 16 is measured at cost. The cost of the right-of-use asset shall comprise the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The nominal lease liability is initially measured at the present value of the lease payments over the lease term. The lease payments include fixed payments, amounts to be expected to be paid under residual value guarantees, the exercise price of reasonably certain extension options, and payments of penalties for terminating a lease in case this reflects the lease term. The lease payments are discounted using the interest rate implicit in the lease, if this rate can be readily determined. Otherwise the lessee's incremental borrowing rate is used. The incremental borrowing rates used are the sum of relevant interbank rates and average margin of group loan portfolio and are currency specific.

The initial measurement of the lease payments does not include possible variable elements. Variable lease payments not included in the initial measurement of the lease liability are recognised directly in the statement of income.

The lease term is the non-cancellable period of the lease plus period covered by an option to extend or option to terminate if the lessee is reasonably certain to exercise the extension option. Management judgment based on realistic estimates is used when determining the lease term, especially concerning lease agreements containing termination and purchase options and lease agreements with indefinite lease terms.

Subsequently, the right-of-use assets are measured at initial measurement less accumulated depreciation and impairment losses. The right-of-use assets are depreciated and interest on lease liabilities recognised in the statement of income over the lease term. The lease liabilities are subsequently measured at initial recognition less occurring lease payments that are allocated to the principal.

Lease payments are presented as repayments of liabilities and related interest expenses. The lease payments are presented in the cash flow from financing activities and the interest related to leases are presented in the cash flow from operating activities. Lease payments related to short-term leases, low-value assets and variable payments are presented in the cash flow from operating activities.

Contracts may combine different kinds of obligations to the supplier, which might be a combination of lease components or a combination of lease and non-lease components. These lease and non-lease components are accounted for separately and the consideration is allocated between the components based on relative stand-alone selling prices.

The lease and non-lease components are separated. In the case that separating the components is not possible judgement is used to allocate the non-lease component in the accounting. The selection of separating or not the non-lease component from lease is applied to the whole asset class.

Modifications to lease agreements may result in adjustments to existing right-of-use assets and lease liabilities. A gain or loss arising from a modification and a termination of a lease agreement is recognised in other operating income or other operating expenses in the statement of income.

The Group applies the two available exemptions, which relate to either short-term contracts, in which the lease term is less than 12 months, or low-value assets, which are expensed to other operating expenses.

EBIT

According to the definition used by the Group, EBIT consist of turnover, the share of profit of equity-accounted investees and other income deducted with total cost of sales, selling and distribution expenses, administrative expense, research and development expenses and other expenses.

4) New accounting standards

In 2020, the Group has adopted the following new and amended standards issued by the IASB.

Amendments to **IFRS 3 Business Combinations** (effective for financial periods beginning on or after 1 January 2020). The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs and introduce an optional fair value concentration test. The amendments have no impact on the consolidated financial statements.

Amendments to **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors** (effective for financial periods beginning on or after 1 January 2020). The purpose of the amendments is to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments have no impact on the consolidated financial statements.

Amendments to **IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 7 Financial Instruments: Disclosures** (effective for financial periods beginning on or after 1 January 2020). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. Any hedge ineffectiveness should continue to be recorded in the statement of income. The amendments do not have a significant impact on the consolidated financial statements.

Amendment to **IFRS 16 Leases Covid-19-Related Rent Concessions*** (effective for financial periods beginning on or after 1 June 2020). The amendment introduces an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of the COVID-19 pandemic. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications when the criteria presented in the amendment are met. The amendment is not expected to have a significant impact on the consolidated financial statements.

* = not yet endorsed for use by the European Union as of 31 December 2020.

5) Turnover

<i>EUR thousand</i>	Geographical markets							
	Northern Europe		New Business		Central Europe		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Reportable segments								
Pulp and Paper	72,865	80,144	146	100	0	0	73,010	80,244
Metals and Mining	16,364	20,427	16,627	16,929	7,232	7,538	40,223	44,894
Construction	40,694	43,173	2,947	3,792	29,366	27,787	73,007	74,753
Chemical Industry	21,938	20,752	581	862	2,664	2,680	25,184	24,294
Agriculture	20,764	19,947	206	151	14,310	13,509	35,279	33,607
Environment	21,431	23,512			6,219	7,146	27,650	30,658
Other sales	1,550	1,606	20	0	-25	-101	1,545	1,505
Total	195,606	209,561	20,526	21,834	59,766	58,559	275,899	289,954
Timing of revenue recognition								
Products transferred at a point in time	195,606	209,561	20,526	21,834	59,766	58,559	275,899	289,954

6) Income and expenses

Other income

<i>EUR thousand</i>	2020	2019
Gain from sale of fixed assets	119	502
Rent income	863	855
Subsidies and grants	98	1
Compensation from insurance company	0	398
Non-recurring income other	119	411
Sale of district heating	748	864
Sales of services	554	695
Sales of CO2 emission rights	7,638	0
Other	6,367	4,545
Total	16,505	8,271

Other expenses

<i>EUR thousand</i>	2020	2019
Losses on divestment of fixed assets	47	0
Non-recurring expenses other	329	1,330
Restructuring costs	444	3,183
Project(s) costs	5,091	4,210
Write downs	0	170
Other	5,331	4,044
Total	11,243	12,937

7) Net financial items

	2020	2019
<i>EUR thousand</i>		
<i>Fair value changes of derivatives</i>		
Foreign exchange	50	57
Emission	428	0
Electricity	0	223
Interest income	293	423
Exchange differences	185	564
Gains from investments	0	0
Other finance income	123	56
Finance income	1,079	1,323
<i>Fair value changes of derivatives</i>		
Foreign exchange	-142	-167
Electricity	-437	-1,149
Interest expense	-3,016	-4,601
Exchange differences	-1,276	-669
Loss from investments	0	0
Unwind of discount on site restoration provision	-44	-45
Other finance expense	-143	-256
Finance costs	-5,057	-6,887
Net financial items recognised in profit or loss	-3,978	-5,564

8) Employee benefits

Pension and other long-term employee benefits

The Group has a number of pension plans covering its operations complying with each country's local rules and obligations. Moreover, the Group applies defined contribution and defined benefit pension plans. Under 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. Most of the Groups pension plans are defined contribution plans.

Defined benefit plans are pension plans which are not defined contribution plans. The defined benefit obligation is calculated by independent authorised actuaries. The discount rate for actuarial calculations is determined by the reference to market yields of high-quality corporate bonds or government bonds by taking into account the duration of the defined benefit obligation. Used discount rates are country specific. Pension benefits are normally based on the number of working years and salary. Most defined benefit plans are located in Sweden and Poland constituting around 87 % of the defined pension liability in the Group's statement of financial position. Swedish plan provides an old-age pension cover for plan members. Plan members receive a lump-sum payment upon retirement in 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 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 plan liabilities. The Group expects to pay EUR 125 thousand in contributions to its defined benefit plans in 2020.

	31 December 2020	31 December 2019
EUR thousand		
Defined benefit asset	0	0
Total employee benefit asset	0	0
Defined benefit liability	1,886	1,889
Liability for long-service leave	305	355
Other employee benefits	0	0
Total employee benefits liabilities	2,191	2,244
Non-current	2,191	2,244
Current	0	0
Total	2,191	2,244

MOVEMENT IN NET DEFINED BENEFIT (ASSET) LIABILITY

	Defined benefit obligation		Fair value of plan assets		Net defined benefits liability (asset)	
EUR thousand	2020	2019	2020	2018	2020	2019
Balance at 1 January	1,889	1,815	0	0	1,889	1,815
Included in profit or loss						
Current service cost	21	20	0	0	21	20
Interest income	0	0	0	0	0	0
Past service cost (credit)	0	0	0	0	0	0
Interest cost (income)	4	18	0	0	4	18
Included in other comprehensive income:						
• Actuarial loss (gain) arising from change in demographic assumptions	0	1	0	0	0	1
• Actuarial loss (gain) arising from change in financial assumptions	60	166	0	0	60	166
• Actuarial loss (gain) arising from experience adjustments	-3	17	0	0	-3	17
Effect of movements in exchange rates	40	-25	0	0	40	-25
Other						
Contributions paid by the employer	0	0	125	123	-125	-123
Benefits paid	-125	-123	-125	-123	0	0
Business combinations and disposals	0	0	0	0	0	0
Other	0	0	0	0	0	0
Balance at 31 December	1,886	1,889	0	0	1,886	1,889

DEFINED BENEFIT OBLIGATION

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

EUR thousand	2020	2019
Discount rate	0.70%	0.90%
Expected salary growth	2.60%	2.60%
Expected future pension growth	1.50%	1.70%

At 31 December 2020, the weighted-average duration of the defined benefit obligation was 9.5 years (2019: 10.3 years). In 2020 the Group expects to pay 125 thousand EUR to the defined benefit plans.

Sensitivity analysis

Reasonably probable changes at the reporting date to one of the relevant actuarial assumptions, all other assumptions remaining unchanged, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2020		31 December 2019	
	Increase	Decrease	Increase	Decrease
<i>EUR thousand</i>				
Discount rate (1% movement)	-192	192	-206	206
Future salary growth (1% movement)	44	-44	44	-44
Future pension growth (1% movement)	177	-177	198	-198

While the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Share-based payments

In 2018 the Group implemented long-term incentive plans to the key management of Nordkalk Group. The plans consist of two equity-settled compensation schemes, restricted matching shares and performance shares, and are conditional to the receiver making an initial personal investment in the company in question.

Restricted matching shares are earned based on continuation of employment and holding of personal initial investment. Restricted matching shares are paid upon initial investment. The restricted matching shares have a tranching vesting pattern that follows the performance periods and vest gradually during 2018-2023. The fair value of the combined rewards at the grant date was EUR 1 140 thousand. The share-based expense recognised in 2020 related to the restricted matching shares was EUR 50 thousand.

Performance shares are earned based on continuation of employment, holding of personal initial investment and subject to the fulfilment of predetermined performance criteria over the performance period. The plan includes four three-year performance periods which are calendar years 2018-2020, 2019-2021, 2020-2022 and 2021-2023. The grant date for all performance periods is determined as 31 December 2017. The performance criterion for the performance periods is the ultimate parent company's theoretical Internal Rate of Return (IRR) for its shareholding in the company in question, the minimum earn-out is 0 %, the target 10 % and maximum 20 %.

Non-market condition

The IIR is treated as a non-market condition and is based on a theoretical valuation of the company in question at the end of each performance period. At the end of each reporting period the cumulative share-based cost expected to be paid out is revised based on the estimated IIR at the end of the performance period at that point in time. At the reporting date approximately 60 % of the maximum performance shares were estimated to vest. The share-based expense recognised in 2020 related to the performance shares was EUR 1484 thousand.

9) Employee benefit expenses

	2020	2019
<i>EUR thousand</i>		
Wages and salaries	33,032	35,644
Social security contributions	8,305	9,425
Contributions to defined contribution plans	-35	-21
Share-based payments	1,535	341
Total	42,837	45,390

Number of personnel (end of period)	2020	2,019
Finland	315	369
Other EU countries	488	484
Other European countries	14	17
Rest of the world		
Total	817	870

10) Income taxes

Amounts recognised in income statement

EUR thousand

Current year and previous years taxes

	2020	2019
For the financial period	-4,453	-3,974
For previous financial periods	0	0
Change in deferred taxes	-221	970
Total	-4,674	-3,004

Amounts recognised in other comprehensive income

EUR thousand

Items that will never be reclassified to income statement

Tax related to post-employment defined benefit plans	9	40
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Items that are or may be reclassified to income statement

Tax related to Cash flow hedges – effective portion of changes in fair value	249	664
Tax related to Available for sale financial assets	0	0
Total	258	704

Reconciliation of effective tax rate

EUR thousand

	2020	2019
Profit before tax	41,108	18,018
Tax using the Company's domestic tax rate (20%)	-8,222	-3,604
Effect of tax rates in foreign jurisdictions	89	1
Non-deductible expenses	-726	-667
Tax-exempt income	776	23
Current year losses for which no deferred tax asset was recognised	596	50
Utilization of tax losses for which no deferred tax has been recognised	0	0
Change in unrecognised temporary differences (tax losses)	16	0
Prior year taxes	0	0
Effect of tax consolidation/tax group in one country	0	0
Effect of share of profits of equity-accounted investees	137	92
Other	2,660	1,100
Tax in profit and loss statement in Euro	-4,674	-3,004
Effective tax	11.37%	16.67%

Deferred tax assets
2019

EUR thousand

	Opening balance at 1 January	Exchange difference opening	Recognised in income statement	Exchange difference P/L	Recognised in OCI	Acquisitions, divestments and other	Closing balance at 31 December
Intangible assets	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Property, plant and equipment	293 €	-1 €	-5 €	0 €	0 €	0 €	287 €
Financial assets	106 €	0 €	-32 €	2 €	15 €	0 €	90 €
Inventories	538 €	2 €	30 €	0 €	0 €	0 €	569 €
Post-employment benefit obligations/assets	207 €	1 €	2 €	-2 €	40 €	0 €	249 €
Provisions	531 €	2 €	134 €	3 €	0 €	0 €	669 €
Tax losses carried forward	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Long-term assets / liabilities	-828 €	-9 €	42 €	0 €	0 €	0 €	-795 €
Short-term assets / liabilities	-390 €	0 €	-2 €	0 €	0 €	0 €	-391 €
Other temporary differences	2 792 €	25 €	-303 €	-1 €	0 €	0 €	2 513 €
TOTAL DEFERRED TAX	3 248 €	20 €	-135 €	2 €	55 €	0 €	3 191 €

Deferred tax liabilities
2019

EUR thousand

	Opening balance at 1 January	Exchange difference opening	Recognised in income statement	Exchange difference P/L	Recognised in OCI	Acquisitions, divestments and other	Closing balance at 31 December
Intangible assets	105 €	0 €	-117 €	0 €	0 €	0 €	-13 €
Property, plant and equipment	9 234 €	-4 €	-174 €	-1 €	0 €	0 €	9 054 €
Financial assets	1 348 €	-1 €	-259 €	-5 €	-649 €	0 €	431 €
Inventories	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Post-employment benefit obligations/assets	25 €	0 €	18 €	0 €	0 €	0 €	42 €
Provisions	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Tax losses carried forward	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Long-term assets / liabilities	-865 €	-9 €	42 €	0 €	0 €	0 €	-832 €
Short-term assets / liabilities	-1 495 €	0 €	-627 €	0 €	0 €	0 €	-2 122 €
Other temporary differences	224 €	0 €	14 €	0 €	0 €	0 €	238 €
TOTAL DEFERRED TAX	8 575 €	-15 €	-1 105 €	-5 €	-649 €	0 €	6 798 €

Deferred tax assets**2020****EUR thousand**

	Opening balance at 1 January	Exchange difference opening	Recognised in income statement	Exchange difference P/L	Recognised in OCI	Acquisitions, divestments and other	Closing balance at 31 December
Intangible assets	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Property, plant and equipment	287 €	1 €	3 €	0 €	0 €	0 €	291 €
Financial assets	90 €	2 €	58 €	0 €	267 €	-21 €	402 €
Inventories	569 €	-15 €	36 €	0 €	0 €	0 €	591 €
Post-employment benefit obligations/assets	249 €	-4 €	-8 €	-2 €	9 €	0 €	251 €
Provisions	669 €	-12 €	-172 €	-8 €	0 €	0 €	477 €
Tax losses carried forward	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Long-term assets / liabilities	-795 €	55 €	23 €	-2 €	0 €	0 €	-718 €
Short-term assets / liabilities	-391 €	0 €	-14 €	0 €	0 €	0 €	-405 €
Other temporary differences	2,513 €	-143 €	-439 €	8 €	0 €	0 €	1,938 €
TOTAL DEFERRED TAX	3,191 €	-116 €	-512 €	-4 €	276 €	-21 €	2,826 €

295

Deferred tax liabilities**2020****EUR thousand**

	Opening balance at 1 January	Exchange difference opening	Recognised in income statement	Exchange difference P/L	Recognised in OCI	Acquisitions, divestments and other	Closing balance at 31 December
Intangible assets	-13 €	0 €	74 €	0 €	0 €	0 €	61 €
Property, plant and equipment	9,054 €	-26 €	-1,388 €	0 €	0 €	0 €	7,640 €
Financial assets	431 €	1 €	117 €	-3 €	18 €	-22 €	547 €
Inventories	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Post-employment benefit obligations/assets	42 €	2 €	9 €	0 €	0 €	0 €	53 €
Provisions	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Tax losses carried forward	0 €	0 €	0 €	0 €	0 €	0 €	0 €
Long-term assets / liabilities	-832 €	55 €	60 €	-2 €	0 €	0 €	-718 €
Short-term assets / liabilities	-2,122 €	0 €	837 €	0 €	0 €	0 €	-1,285 €
Other temporary differences	238 €	-6 €	0 €	0 €	0 €	0 €	232 €
TOTAL DEFERRED TAX	6,798 €	26 €	-291 €	-5 €	18 €	-22 €	6,528 €

28

UNRECOGNISED DEFERRED TAX LIABILITIES

The Group does not provide for deferred taxes on the distributable earnings of non-Finnish subsidiaries, to the extent that such earnings are intended to be permanently reinvested in those operations and repatriation would give rise to tax expenses.

UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of the following items, since it is not probable that future taxable profits will be available against which to utilise the benefits.

	2020	2019
EUR thousand		
Deductible temporary differences (will never expire)	3,113	4,126
Tax losses	0	0

TAX LOSSES CARRIED FORWARD

Unrecognised tax losses carried forward expire as follows.

	Tax losses carried forward		Recognised deferred tax assets losses		Unrecognised deferred tax assets losses	
	2020	2019	2020	2019	2020	2019
<i>EUR thousand</i>						
Never Expire	3 113	4 126	0	0	755	4 126
Total losses with expiration date	985	1 569	0	0	985	1 569
Current year	0	0	0	0	0	0
Current year + 1	0	0	0	0	0	0
Current year + 2	0	0	0	0	0	0
Current year + 3	0	472	0	0	0	472
Current year + 4	112	0	0	0	112	0
Current year + 5 or more	873	1 097	0	0	873	1 097

11) Inventories

	31 December 2020	31 December 2019
<i>EUR thousand</i>		
Raw materials and consumables	9,669	9,423
Work in progress	2,991	3,328
Spare parts	9,081	9,158
Finished goods	22,988	23,958
Gross value of inventories	44,729	45,867
Inventory provision to the carrying value	-5,247	-5,022
Total	39,481	40,845

12) Trade and other receivables

	31 December 2020	31 December 2019
<i>EUR thousand</i>		
Trade receivables	32,851	39,924
Trade receivables due from related parties	81	13,471
<i>Fair value of financial instruments</i>		
Electricity	1,065	1,746
Foreign exchange	412	218
Other	428	0
Financial leasing receivables	7,271	8,033
Other receivables	4,536	6,056
Total	46,644	69,447
Non-current	7,610	8,899
Current	39,034	60,548
Total	46,644	69,447

CREDIT AND MARKET RISKS, AND IMPAIRMENT LOSSES

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables is included in Note 24.

13) Cash and cash equivalents

	31 December 2020	31 December 2018
<i>EUR thousand</i>		
Bank balances	34,357	10,644
Total	34,357	10,644

14) Property, plant and equipment

	Land and water	Buildings	Plant and equipment	Other assets	Under construction	Total
<i>EUR thousand</i>						
Balance at 1 January 2019	91,668	53,966	182,542	21,774	16,907	366,857
Additions	323	155	1,085	825	14,683	17,071
Transfers and/or corrections	2,004	1,274	7,024	2,935	-13,598	-361
Disposals	-11	-120	-780	-61	12	-960
Effect of movements in exchange rates	-654	86	-654	24	-303	-1,501
Balance at 31 December 2019	93,330	55,361	189,217	25,497	17,701	381,106
Balance at 1 January 2020	93,330	55,361	189,217	25,497	17,701	381,106
Additions	127	375	1,342	1,152	8,808	11,804
Acquisitions through business combinations						0
Transfers and/or corrections	164	815	7,856	1,044	-17,522	-7,644
Disposals	323	-4	-440	-10	-37	-168
Effect of movements in exchange rates	-1,843	-1,168	-334	-246	226	-3,364
Balance at 31 December 2020	92,101	55,380	197,640	27,438	9,176	381,734
Accumulated depreciation and impairment losses						
Balance at 1 January 2019	-34,685	-24,063	-134,094	-10,316	0	-203,158
Depreciation	-4,553	-2,862	-10,808	-2,012	0	-20,235
Disposals	4	77	756	61	0	898
Effect of movements in exchange rates	115	-36	505	-1	0	583
Balance at 31 December 2019	-39,119	-26,884	-143,641	-12,268	0	-221,912
Balance at 1 January 2020	-39,119	-26,884	-143,641	-12,268	0	-221,912
Depreciation	-3,889	-2,733	-9,930	-2,625	0	-19,176
Disposals	0	0	407	10	0	417
Effect of movements in exchange rates	338	371	-491	129	0	348
Balance at 31 December 2020	-42,669	-29,246	-153,654	-14,754	0	-240,323
Carrying amounts						
At 31 December 2019	54,211	28,477	45,576	13,229	17,701	159,194
At 31 December 2020	49,431	26,134	43,986	12,684	9,176	141,411

PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION

Nothing special or bigger item.

15) Intangible assets

Reconciliation of carrying amount

	Intangible rights	Developme nt expenses	Other capitalised expenses	Total
<i>EUR thousand</i>				
Balance at 1 January 2019	1,883	16	11,408	13,307
Increases	1	168	455	624
Transfers & or corrections	-39	0	417	378
Effect of movements in exchange rates	26	3	1	30
Balance at 31 December 2019	1,871	187	12,281	14,339
Balance at 1 January 2020	1,871	187	12,285	14,343
Increases	87	0	298	385
Transfers & or correction	9	0	7,201	7,209
Effect of movements in exchange rates	-76	-44	-44	-163
Balance at 31 December 2020	1,891	143	19,740	21,774

Accumulated amortisation and impairment losses

Balance at 1 January 2019	-1,520	0	-7,918	-9,438
Amortisation	-124	0	-1,642	-1,766
Transfers	70	0	0	70
Effect of movements in exchange rates	0	0	0	0
	-7	0	-2	-9
Balance at 31 December 2019	-1,581	0	-9,562	-11,143
Balance at 1 January 2020	-1,581	0	-9,562	-11,143
Amortisation	-102	-1	-1,347	-1,451
Decreases due to divestments	0	0	0	0
Transfers	0	0	0	0
Effect of movements in exchange rates	42	1	6	48
Balance at 31 December 2020	-1,642	0	-10,903	-12,546
Carrying amounts				
At 31 December 2019	290	187	2,719	3,196
At 31 December 2020	249	143	8,836	9,228

Amortisation

Amortisation of patents, trademarks and development costs is included in research and development costs.

16) Leases

	Land and water	Buildings	Plant and equipment	Other assets	Under constructio n	Total
<i>EUR thousand</i>						
Balance at 1 January 2019	3,407	175	15,074			18,656
Additions	71	39	2,187			2,297
Transfers and/or corrections			167			167
Disposals	1		0			2
Effect of movements in exchange rates			0			0
Balance at 31 December 2019	3,479	214	17,428	0	0	21,122
Balance at 1 January 2020	3,479	214	17,428	0	0	21,122
Additions	1	229	2,617	0	0	2,847
Acquisitions through business combinations					0	0
Transfers and/or corrections	0	0	-18	0	0	-18
Disposals	0	0	0	0	0	0
Effect of movements in exchange rates	-226	0	0	0	0	-226
Balance at 31 December 2020	3,254	443	20,027	0	0	23,724
Accumulated depreciation and impairment losses						
Balance at 1 January 2019			-4,997			-4,997
Depreciation	-143	-82	-3,301			-3,526
Disposals			363			363
Effect of movements in exchange rates	-1	-1	-16			-18
Balance at 31 December 2019	-144	-83	-7,951	0	0	-8,178
Balance at 1 January 2020	-144	-82	-7,974	0	0	-8,201
Depreciation	-205	-99	-3,353	0	0	-3,656
Disposals	0	2	0	0	0	2
Effect of movements in exchange rates	14	-2	-116	0	0	-104
Balance at 31 December 2020	-335	-181	-11,443	0	0	-11,958
Carrying amounts						
At 31 December 2019	3,335	131	9,478	0	0	12,944
At 31 December 2020	2,919	262	8,584	0	0	11,766

Lease liabilities	2020	2019
Balance at 1 January	20,243	23,469
Additions	2,859	2,741
Interest expense	-271	-454
Payments	-4,429	-5,513
Balance at 31 December	18,402	20,243

Total lease liabilities

Non-current	14,926	16,368
Current	3,476	3,876

*EUR thousand***31 December 2020** 31 December 2019**Amounts recognised in income statement**

Depreciation of right-of-use assets	-3,656	-3,526
Interest expense	-271	-454
Expense - Short-term leases	-1,925	-2,174
Expense - leases of low-value assets	-57	-96

17) Equity-accounted investees

	31 December 2020	31 December 2019
<i>EUR thousand</i>		
Interests in associates	54	54
Interest in joint venture	5,453	5,024
Total	5,507	5,078

JOINT VENTURE

NorFraKalk AS is the only joint arrangement in which the Group participates. It is a lime kiln built in co-operation with Franzefoss Minerals AS and located in Norway. The Group management has designated the arrangement a joint venture as the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The following table shows summary financial information for NorFraKalk.

	31 December 2020	31 December 2019
<i>EUR thousand</i>		
Percentage ownership interest	50%	50%
Non-current assets	12,645	13,379
Current assets	6,769	7,471
Non-current liabilities	5,297	7,244
Current liabilities	2,354	3,558
Net assets (100%)	11,764	10,048
Group's share of net assets (50%)	5,882	5,024
Carrying amount of interest in joint venture	5,882	5,024
Turnover	11,757	12,962
EBIT	1,889	1,349
Profit/loss for the period	1,366	908
Group's share of profit/loss for the period	683	454
Other comprehensive income	0	269
Total comprehensive income for the period (100%)	1,366	1,177
50 % of total comprehensive income	683	589
Exchange difference	0	45
Group's share of profit and total comprehensive income	683	634
Dividends received by the Group	0	0
Share capital increase	0	0

ASSOCIATES

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

18) Other investments

	31 December 2020	31 December 2019
<i>EUR thousand</i>		
Non-current investments		
Other investments	625	625
	625	625
Total	625	625

Other non-current investments include other unlisted shares recognised for at cost less any impairment losses.

19) Capital and reserves

	Amount of shares	Share capital	Invested unrestricted equity fund	Reserves	Retained earnings	Total
<i>EUR thousand</i>						
On 31 December 2019	11 038 132	1 000	39 686	-6 080	68 352	102 958
On 31 December 2020	11 060 692	1 000	43 417	-11 042	74 606	107 982

SHARE CAPITAL

The share capital (ordinary shares) consists of 11 060 692 shares in one series. In accordance with the Articles of Association, the share has no nominal value of and carries one vote. All shares afford equal rights to the distribution of dividends. All issued shares have been fully paid. The Group companies do not hold any own shares.

The subscription price of a share received in connection with share issues is credited to the share capital, unless the share issue decision provides that part of the subscription price is to be recorded in the invested unrestricted equity fund.

INVESTED UNRESTRICTED EQUITY FUND

The invested unrestricted equity fund includes other equity investments and any part of the subscription price of the shares that according to the related decision is not to be credited to the share capital.

OTHER RESERVES

Other reserves include the hedging and cumulative translation difference. The hedging reserve includes derivative instruments used for cash-flow hedging. The translation difference reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

RETAINED EARNINGS

Retained earnings include earnings and losses and remeasurement of defined benefit plans.

OTHER COMPREHENSIVE INCOME ACCUMULATED IN RESERVES, NET OF TAX

The disaggregation of other comprehensive income by each type of reserve in equity:

	Attributable to owners of the Company				Non-controlling interests	Total OCI
	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total	

EUR thousand

31 December 2020

Re-measurements of defined benefit liability (asset)				-552	-552	0	-552
Foreign operations – foreign currency translation differences	-11,267				-11,267	0	-11,267
Cash flow hedges - effective portion of changes in fair value		-32			-32	0	-32
Available-for-sale financial assets - change in fair value			0		0	0	0
Equity-accounted investees - share of OCI			568		568	0	568
Total	-11,267	-32	568	-552	-11,283	0	-11,283

31 December 2019

Re-measurements of defined benefit liability (asset)				-495	-495	0	-495
Foreign operations – foreign currency translation differences	-7,328				-7,328	0	-7,328
Cash flow hedges - effective portion of changes in fair value		956			956	0	956
Available-for-sale financial assets - change in fair value			0		0	0	0
Equity-accounted investees - share of OCI			603		603	0	603
Total	-7,328	956	603	-495	-6,264	0	-6,264

20) Capital management

The Board's policy is to retain a sufficiently robust capital base to maintain market confidence and to sustain future development of the business. Management monitors the return on capital employed.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the benefits and security afforded by a sound capital position. The Group's target is to achieve a return on capital employed above 9 per cent; in 2020 the return was 21.9 per cent (2019: 11.1 per cent).

21) Loans and borrowings

Non-current liabilities

	31 December 2020	31 December 2019
<i>EUR thousand</i>		
Loans from related party	0	1,921
Finance lease liabilities	14,926	16,368
Other loans	4,807	5,768
Total	19,732	24,056

Current liabilities

	31 December 2020	31 December 2019
<i>EUR thousand</i>		
Loans from Related party	85,000	97,607
Current portion of finance lease liabilities	3,476	3,876
Other loans	254	256
Total	88,731	101,739
Total liabilities	108,463	125,795

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 24.

CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities is as follows.

<i>EUR thousand</i>	Loans from related party	Finance lease liabilities	Other loans	Total
Balance as at 1 January 2020	99,528	20,243	6,024	125,795
Changes from financing cash flows				
Proceeds from loans and borrowings	9,530			9,530
Repayment of borrowings	-22,400		-958	-23,358
Payment of financial lease liabilities		-4,429		-4,429
Total	-12,870	-4,429	-958	-18,257
Changes arising from obtaining or losing control of subsidiaries or other businesses				
Effect of changes in foreign exchange rates	670			670
Change in fair value				0
Other changes				0
New financial lease		2,859		2,859
Interest expense	-2,328	-271		-2,599
Balance as at 31 December 2020	85,000	18,402	5,066	108,468

TERMS AND REPAYMENT SCHEDULE

The terms and conditions of outstanding loans are as follows.

	Currency	Year of maturity	Carrying amount	Carrying amount
			31 December 2020	31-Dec-19
<i>EUR thousand</i>				
Loans from related party	EUR	2021	71,700	61,175
Loans from related party	RUB	2020	0	40
Loans from related party	SEK	2020	0	31,876
Loans from related party	TRY	2022	0	837
Other loans	EUR	2020-2023	5,065	6,024
Group Contribution liability to related party	EUR	2021	13,300	5,500
Financial lease liabilities	EUR	2020-	18,402	20,243
Total interest-bearing liabilities			108,467	125,795

22) Trade and other payables

	31 December 2020	31 December 2019
<i>EUR thousand</i>		
Trade payables	32,173	39,274
<i>Fair value of financial instruments</i>		
Electricity	1,054	105
Foreign exchange	508	175
Interest rate swaps	0	0
Other	0	0
Accrual & Other expenses	14,400	14,523
Liabilities to related parties	13,300	5,500
Total	61,435	59,577
Non-current	614	50
Current	60,821	59,527
Total	61,435	59,577

Information about the Group's exposure to currency and liquidity risk is included in Note 24.

23) Provisions

	Site restoration	Restructuring	Other provisions	Total
<i>EUR thousand</i>				
Balance at 1 January 2019	4 613	2 921	1	7 535
Provisions recognise	608	1 981	0	2 589
Provisions utilised	125	-2 824	0	-2 699
Increase from acquisition	0	0	0	0
Unwind of discount	0	0	0	0
Exchange differences opening balance	-31	-37	0	-68
Balance at 31 December 2019	5 315	2 041	1	7 357
Non-current	5 315	2 041	1	7 357
Current	0	0	0	0
Balance at 1 January 2020	5 315	2 041	1	7 357
Provisions recognise	-223	148	0	-75
Provisions utilised	-5	-1 655	0	-1 660
Change of interest rates	-951			-951
Unwind of discount	44	0	0	44
Exchange differences on opening	95	20	0	115
Increase from acquisition				0
Balance at 31 December 2020	4 275	554	1	4 830
Non-current	4 275	554	1	4 830
Current	0	0	0	0

SITE RESTORATION

The provision for site restoration primarily relates to the quarries.

OTHER

Other provisions consist mainly of legal and agent leaving indemnity provisions.

24) Financial instruments

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The following table shows the carrying amounts and fair values of financial assets and financial 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. Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2. Fair value determined by observable parameters
- Level 3. Fair value determined by non-observable parameters

31 December 2019

	Carrying amount		Fair value		
	Fair value - Hedging instruments	Fair value through Profit and loss	Fair value through other comprehensive income	Financial assets at amortised cost	Other financial liabilities
Total					
Level 1					
Level 2					
Level 3					
Total					
EUR thousand					
Financial assets measured at fair value					
Forward exchange contracts used for hedging		218		67 483	
Electricity hedges	1 356	390		10 644	
			624	0	0
				624	624
Financial assets not measured at fair value					
Trade and other receivables (Excl. Derivative instruments)				67 483	
Cash and cash equivalents				10 644	
Other investments				0	
				624	624
Financial liabilities measured at fair value					
Forward exchange contracts used for hedging	175				
Electricity hedges	105				
				175	175
				105	105
Financial liabilities not measured at fair value					
Loans from related party				99 528	
Loans from financial institutions				0	
Other loan				6 024	
Finance lease liabilities				20 243	
Trade and other payables (Excl. derivative instruments)				39 274	

31 December 2020	Carrying amount				Fair value					
	Fair value - Hedging instruments	Fair value through Profit and loss	Fair value through other comprehensive income	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<i>EUR thousand</i>										
Financial assets measured at fair value										
Forward exchange contracts used for hedging	411	1				1		412		412
Electricity hedges	1 002	63				1 065	1 065			1 065
CO2 emission hedges		428								
Financial assets not measured at fair value										
Trade and other receivables (Excl. Derivative instruments)				44 739		44 739				
Cash and cash equivalents				34 357		34 357				
Other investments			625	0	0	625	0	625		625
Financial liabilities measured at fair value										
Forward exchange contracts used for hedging	350	158				508		508		508
Electricity hedges	1 039	15				1 054	1 054			1 054
Financial liabilities not measured at fair value										
Loans from related party					85 000	85 000				
Loans from financial institutions						0				
Other loan					5 065	5 065				
Finance lease liabilities					18 402	18 402				
Trade and other payables (Excl. derivative instruments)					32 173	32 173				

FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

Risk management framework

The Board of Directors of the Parent has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors of the Parent has established a Risk Management Policy for the Group. This contains the Treasury Policy, Credit Risk Policy and Electricity Risk Management Policy.

The Group's risk management policy is essentially risk-averse. The aim is to safeguard the EUR value of the cash flow from operations. In order to achieve this the Group identifies and analyses the risks faced by the Group, sets appropriate risk limits and controls and monitors risks and adherence to limits. Risk management policies and systems are regularly reviewed by the Parent, and if changed, adopted by the Group to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Group oversees how management monitors compliance with the adopted risk management policies and procedures.

Market risk

Market risk is the risk that changes in market prices will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group manages electricity price risks within the framework defined in the Risk Management Policy. Hedging targets are achieved mainly by using financial electricity derivative contracts.

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 mainly from the Group's receivables due from customers and the funding of subsidiaries in form of loans.

The carrying amount of financial assets represents the maximum credit exposure.

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.

Impairment

At the reporting date, the ageing of trade receivables that were not impaired was as follows. The recognised impairment loss in 2020 and 2019 are calculated using the expected credit loss model in IFRS 9.

	31 December 2020	31 December 2019
<i>EUR thousand</i>		
Total trade receivables	32,851	39,924
Not overdue	30,781	33,831
Overdue 1 – 30 days	1,944	5,300
Overdue 31 – 60 days	88	591
Overdue 61 – 90 days	17	83
More than 90 days	379	460
Impairment loss recognised	-359	-340

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 34 357 thousand at 31 December 2020 (31 December 2019: EUR 10 644 thousand).

Derivatives

Group Treasury hedges related party (Group companies) currency risks by acting as counterparty in currency forward deals. External currency hedging is solely performed by Group Treasury. 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.

Amounts related to hedged items separately by risk category for the types of hedges as follow

	Carrying Amount		Accumulated amount of fair value hedge adjustments on the hedged otem included in the carrying amount of the hedged item		Line item in the statement of financial position	Cash flow hedge reserve
	Assets	Liabilities	Assets	Liabilities		
Foreign exchange risk						
Forecasted sales and purchases	0	0	0	0	Trade receivables / payables	60
Commodity price risk						
Co2 emission rights	428	0	0	0	Trade receivables / navables	0
Interest rate risk						
Loans in foreign currency	0	32819	0	0	Loans and borrowings	0

	Nominal amount of the hedging instrument	Carrying Amount		Line item in the statement of financial position
<i>KEUR</i>		Assets	Liabilities	
Foreign exchange risk				
Currency forwards	29,781	411	350	Trade receivables / payables
Co2 emission forwards	1,204	428		Trade receivables / payables
Fair value hedges				
Interest rate risk				
Currency forwards	35,000	1	158	Trade receivables / payables

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when these are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors the level of expected cash inflows for trade and other receivables together with expected cash outflows for trade and other payables.

In addition, the Group maintains the following lines of credit:

- EUR 115 million-short term loan and overdraft facilities that are unsecured. Interest would be payable at the rate based on internal rating of the Group. The internal rating is done by an external party using Moody's rating principles.

Exposure to liquidity risk

The following are the residual contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments, but exclude the impact of netting agreements.

31 December 2020

<i>EUR thousand</i>	Contractual cash flows					
	Carrying amount	Total	1 -12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Loans from related party	85,000	85,000	85,000			
Other loan	5,065	5,060	254		4,806	
Financial lease liabilities	18,402	20,032	4,390	5,320	6,265	4,057
Trade payables	32,173	32,173	32,173			
	140,640	142,265	121,817	5,320	11,071	4,057
Derivative financial liabilities						
Forward exchange contracts used for hedging	508	508	508			
Electricity hedges	1,054	1,054	1,054			
	1,563	1,563	1,563	0	0	0

31 December 2019

<i>EUR thousand</i>	Contractual cash flows					
	Carrying amount	Total	1 -12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Loans from related party	99 528	99 528	97 111	496	1 921	
Other loan	6 024	5 762	262	1 090	4 410	
Financial lease liabilities	20 243	22 317	4 639	3 048	9 145	5 485
Trade payables	39 274	39 274	39 274			
	165 069	166 881	141 286	4 634	15 476	5 485
Derivative financial liabilities						
Forward exchange contracts used for hedging	175	175	175			
Electricity hedges	105	105	105			
	280	280	280	0	0	0

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows the net cash flow amounts for derivatives that are net cash-settled and the gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

The interest payments on 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 rate. 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.

Currency risk

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 euro, the Polish Zloty (PLN), the Swedish krona (SEK) and the Norwegian krone (NOK). The currencies in which these transactions are primarily denominated are EUR, PLN, SEK and NOK. Additional exposures may arise from purchase of fuel in USD.

At any point in time, the Group hedges on average 60 to 80 per cent of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 15 months. The Group uses forward exchange contracts to hedge its currency risk, with a maturity of up to 15 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.

	2020			
<i>EUR thousand</i>	SEK	USD	NOK	PLN
Gross exposure	48,677	-4,557	-2,705	3,815
Hedged	-35,703	2,641	1,581	-3,035
Net exposure	12,974	-1,916	-1,124	780

Sensitivity analysis (+/- 10%)

<i>EUR thousand</i>				
Income statement	1,297	-192	-112	78

	2019			
<i>EUR thousand</i>	SEK	USD	NOK	PLN
Gross exposure	3,853	-4,530	-2,424	229
Hedged	2,263	2,649	1,678	350
Net exposure	1,590	-1,881	-746	-121
	1,590	-7,179	-4,102	-121

Sensitivity analysis (+/- 10%)

<i>EUR thousand</i>				
Income statement	159	-188	-75	-12

The following material exchange rates have been applied.

	2020	2019
EUR/SEK	10.0343	10.4468
EUR/USD	1.2271	1.1225
EUR/NOK	10.4703	9.8638
EUR/PLN	4.5597	4.2568

Interest rate risk

The Group adopts a policy of financing investments through long-term borrowing, generally with a five-year term at inception.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the Group management is as follows:

	Carrying amount	
<i>EUR thousand</i>	2020	2019
Variable rate instruments		
Financial liabilities	90,065	105,552
Total	90,065	105,552

Cash flow sensitivity analysis for variable rate instruments

A reasonably probable change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

<i>EUR thousand</i>	Profit or loss	
	100 basis points increase	100 basis points decrease
31 December 2020		
Variable rate instruments	-901	901
Interest rate swaps	0	0
Cash flow sensitivity (net)	-901	901
31 December 2019		
Variable rate instruments	-1,056	1,056
Interest rate swaps	0	0
Cash flow sensitivity (net)	-1,056	1,056

25) List of subsidiaries

Name of subsidiary	State of jurisdiction	% of ownership
Nordkalk AB	Sweden, Lärbro	100
Kalkproduktion Storugns AB	Sweden, Gotland	67
Nordkalk AS	Estonia, Vasalemma	100
Nordkalk GmbH	Germany, Lübeck	100
Nordkalk Sp.z o.o	Poland, Kracow	100
NK-East	Finland, Parainen	100
OOO Nordkalk Alekseevka	Russia, Alekseevka	100
OOO Nordkalk	Russia, Moscow	100
Nordkalk Ukraine TOV	Ukraine, Pidgaytsi	93,4
NK Prykarpattya TOV	Ukraine, Ivano-Frankivsk	93,4
Suomen Karbonaatti Oy	Finland, Lappeenranta	51
NKD Holding Oy Ab	Finland, Helsinki	51
Nordeka Maden A.S	Turkey, Istanbul	51

26) Non-controlling interest

The Group's subsidiary Suomen Karbonaatti Oy has material non-controlling interest. Nordkalk has control in Suomen Karbonaatti through the 51 per cent direct ownership.

The following table summarises the financial information of Suomen Karbonaatti, NKD Holding Oy and aggregate amount of all the other companies where the Group has non-controlling interest.

<i>EUR thousand</i>	31 December 2020 Suomen Karbonaatti Oy	31 December 2020 NKD Holding Oy	31 December 2020 Other individually immaterial	31 December 2020 Total	31 December 2019 Suomen Karbonaatti	31 December 2019 NKD Holding Oy	31 December 2019 Other individually immaterial	31 December 2019 Total
Non-current assets	5,260	5,129	2,055	12,444	5,863	7,464	2,182	15,509
Current assets	19,099	2,006	7,944	29,050	18,376	2,140	7,154	27,670
Non-current liabilities	9,020	1,595	0	10,615	9,036	3,953	16	13,004
Current liabilities	4,604	1,364	1,841	7,809	4,439	1,601	2,298	8,339
Net assets	10,735	4,177	8,158	23,070	10,764	4,050	7,022	21,835
Net assets attributable to non-controlling interest	5,260	2,047	2,613	9,920	5,274	1,984	2,195	9,454
Net assets attributable to the Group	5,475	2,130	5,545	13,150	5,490	2,065	4,826	12,382
Turnover	44,771	2,996	7,929	55,697	47,905	4,203	6,313	59,447
Profit for the period	5,971	-922	1,238	6,287	6,170	-840	348	5,920
Other comprehensive income for the period	0	0	0	0	0	412	-157	0
Total comprehensive income	5,971	-922	1,238	6,287	6,170	-428	191	5,920
Profit for the period attributable to								
Owners of the company	3,045	-470	809	3,385	3,147	-428	74	2,793
Non-controlling interest	2,926	-452	429	2,903	3,023	-412	123	2,735

**Other comprehensive income
attributable to**

Owners of the company	0	0	0	0	0	0	0	0
Non-controlling interest	0	0	0	0	0	0	0	0
Cash flow from operations	7,648	-588	1,975	9,035	6,429	-157	1,790	8,062
Cash flow from investments	-875	0	-612	-1,487	-894	0	-479	-1,373
Cash flow from financing	-6,024	586	478	-4,960	-6,185	158	-348	-6,375
Total Cash flow	749	-2	1,841	2,588	-650	1	963	314

Suomen Karbonaatti paid EUR 6 000 thousand in dividends in 2020 and EUR 6 000 thousand in 2019 to the owners.

27) Commitments and contingent assets and liabilities

GUARANTEES

Nordkalk Group has guaranteed obligations of several Nordkalk Group companies, associate companies and joint venture, arising from ordinary course of business.

	2020	2019
Guarantees issued by group companies	18 254	17 213
Other commitments	2 133	0

DISPUTES AND LEGAL PROCEEDINGS

Nordkalk Group is involved in some other minor legal actions, claims and proceedings. The final outcome of these matters cannot be predicted. Taking into account all available information to date the outcome is not expected to have material impact on the financial position of the Group.

28) Related parties

Nordkalk Group's related parties include subsidiaries, associated companies and joint ventures as well as the members of the Board and CEO and members of the Management Group. Subsidiaries are presented in Note 25. In addition, the immediate parent company Rettig Group Ltd and their subsidiaries, associated companies and joint ventures are related parties. All transactions and outstanding balances with these related parties are priced on an arm's length basis.

PARENT AND ULTIMATE CONTROLLING PARTY

Rettig Group Ltd (the "Parent") is the parent company of the Nordkalk Group.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Key management personnel compensation

Key management personnel compensation comprised the following.

	2020	2019
<i>EUR thousand</i>		
President & CEO	584	392
Board of Directors	155	196
Other key management team	1,679	1,504
Total	2,417	2,092

OTHER RELATED PARTY TRANSACTIONS

	Transaction values		Balance outstanding	
	2020	2019	2020	2019
<i>EUR thousand</i>				
Sale of goods and services				
Parent of the Group (Rettig Group Ltd)	159	244	80	13 688
Joint venture	150	177	0	70
Purchase of goods and services (including financing)				
Parent of the Group (Rettig Group Ltd)	3 222	4 171	96 120	105 758
Joint venture	3 123	2 317	541	1 058
Joint venture				
- Loan and related interest	7	43	0	406

29) Subsequent events

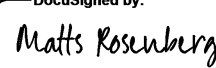
COVID-19:

The impact for Nordkalk of the Covid-19 epidemic has so far remained limited. Of the customer segments, the metal industry and some smaller international customers have suffered from the situation. The company's priority remains to secure its employees and to keep production running and meet the needs of its customers.

Bunge claim for compensation:

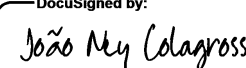
Nordkalk's operations to quarry limestone in Bunge was prevented by making the respective land area a Natura 2000 area. This made it, in practice, impossible to operate and caused significant losses. Swedish Constitution and Environmental Code provide landowners with a right to claim for compensation in a court of law. Consequently Nordkalk has claimed for compensation for the losses and the process is ongoing.

Helsinki 18 February 2021

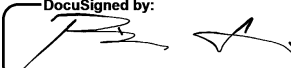
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Matts Rosenberg


Chairman of the Board

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João Ney Prado Colagrossi Filho

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Thomas Landell

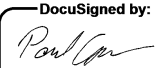
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Anders Dahlblom

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Paul Gustavsson

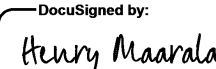
CEO

The Financial Statement is made in accordance with the laws and regulations governing the preparations of the financial statements.

An auditor's Report has today been given.

Helsinki 19 February 2021

KPMG Oy Ab

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Henry Maarala

Authorised Public Accountant



Independent Auditor's Report

To Nordkalk Oy Ab

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Nordkalk Oy Ab (business identity code 1796277-5) for the year ended December 31, 2020. The consolidated financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a true and fair view of Nordkalk Group's financial performance, financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of Nordkalk Oy Ab and its subsidiaries in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters of emphasis

Without modifying our opinion, we draw attention to the notes to the consolidated financial statements, which describe the basis of preparation. The consolidated financial statements are prepared as part of the parent company Rettig Group Oy Ab's transition to International Financial Reporting Standards (IFRS) as adopted by EU. These consolidated financial statements can be made available to external users but should not be confused with the financial statements of Nordkalk Oy Ab registered in the Finnish Trade Register.

Our report is solely for the purpose set forth in the first paragraph and for your information and is not to be used for any other purpose.

Responsibilities of the Board of Directors and the Managing Director for the Consolidated Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The consolidated financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the Group or cease operations, or there is no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helsinki, February 19, 2021

KPMG Oy Ab

Henry Maarala
Authorized Public Accountant, KHT



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