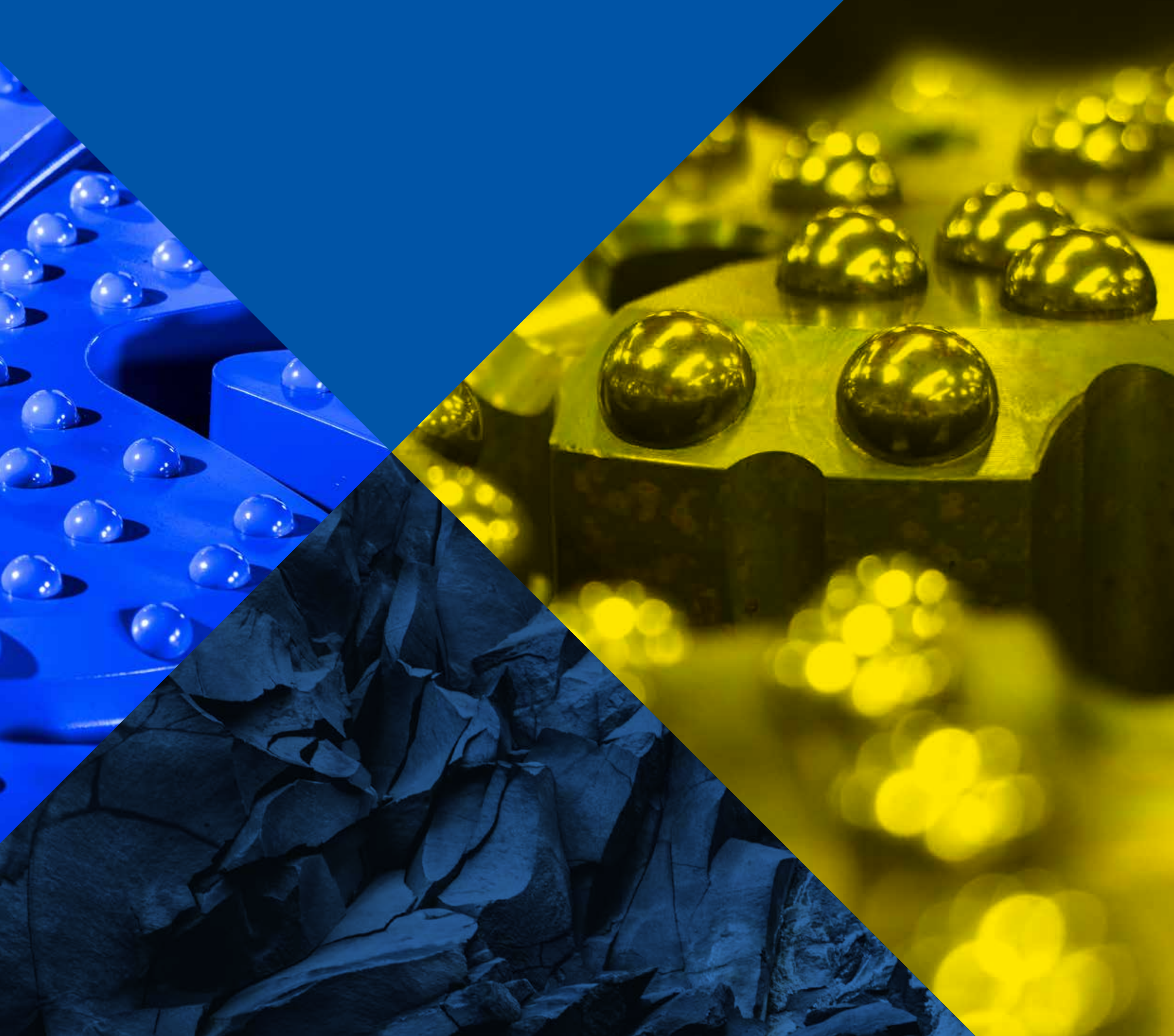
Mincon™

The Driller's Choice

ANNUAL REPORT 2020

INNOVATION TO THE CORE



CONTENTS

CORPORATE PROFILE

Mincon Group Plc (“the Company” or “the Group”) is an Irish engineering Group with its shares trading on the AIM market of the London Stock Exchange and the ESM market of Euronext Dublin.

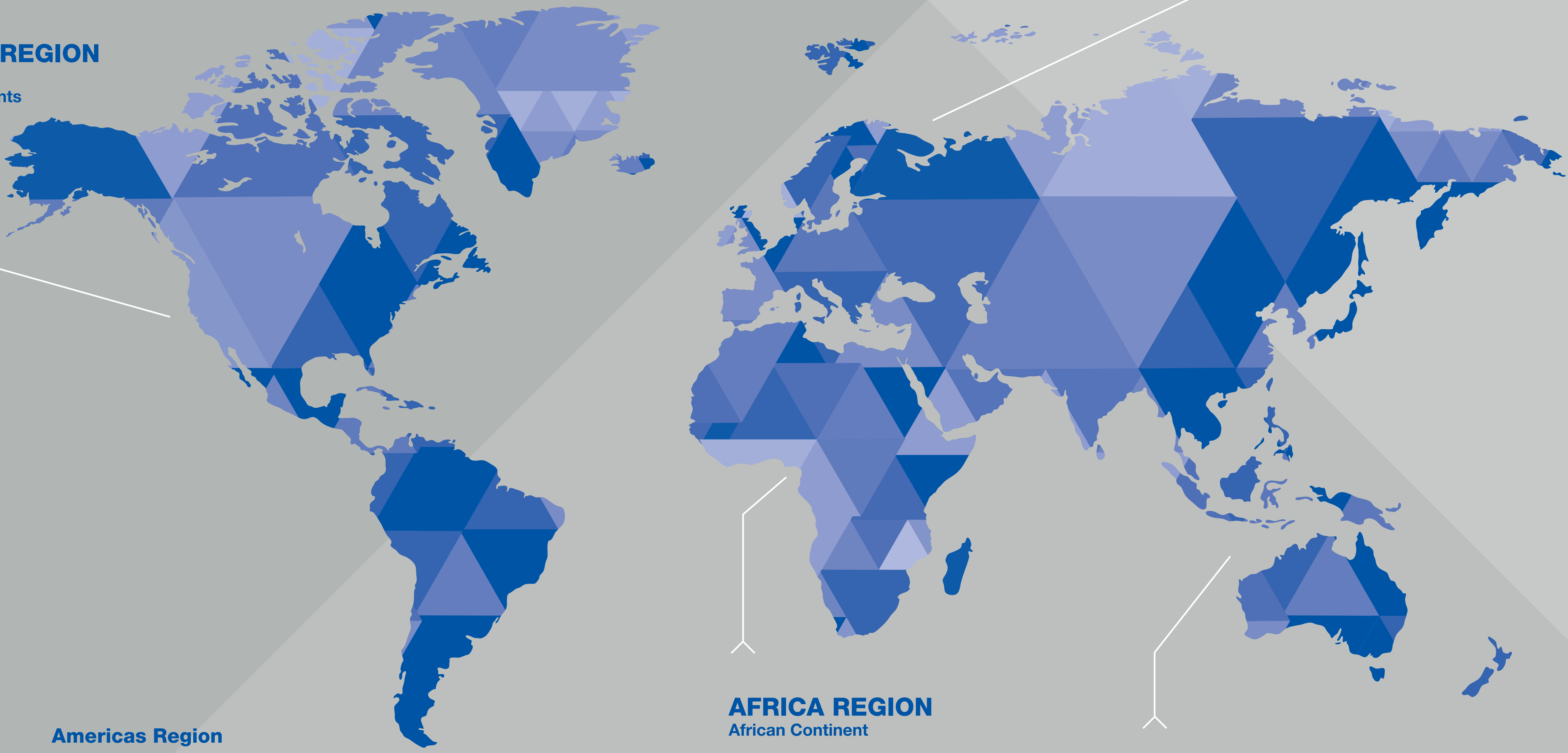
The Company specialises in the **design, manufacture, sale and servicing of rock drilling tools and associated products.** The Company’s strategy is to increase its share of the global rock-drilling consumables market through organic growth and acquisitions. Its manufacturing facilities are located in Ireland, the UK, Finland, the USA, South Africa, Canada, Sweden and Australia. The Company also maintains a network of sales and distribution companies in a number of international markets to provide after sales support and service to customers.

DIRECTORS:	**Hugh McCullough** – Non Executive Chairman (Irish) **John Doris** – Senior Independent Non-Executive Director (Irish) **Patrick Purcell** – Non Executive Director (Irish) **Paul Lynch** – Non Executive Director (Irish) **Joseph Purcell** – Chief Executive Officer (Irish) **Thomas Purcell** – Regional Executive – Americas (USA)
COMPANY SECRETARY:	**Barry Vaughan** (Irish)
REGISTERED OFFICE:	Smithstown Industrial Estate, Shannon, Co. Clare, Ireland
NOMINATED ADVISER, ESM ADVISER AND BROKER:	**Davy**, 49 Dawson Street, Dublin 2, Ireland
LEGAL ADVISERS TO THE COMPANY:	**William Fry**, 2 Grand Canal Square, Dublin 2, Ireland
AUDITOR:	**KPMG**, Chartered accountants, 1 Stokes Place, St. Stephen’s Green, Dublin 2, Ireland
REGISTRAR:	**Computershare Investor Services (Ireland) Limited** Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland
PRINCIPAL BANK:	**Allied Irish Banks plc**, Shannon, Co. Clare, Ireland
COMPANY WEBSITE:	www.mincon.com
TICKER SYMBOLS:	ESM: MIO.IR AIM: MCON.L

MINCON GLOBAL REGIONS

AMERICAS REGION
North and South American Continents

EME EUROPE & MIDDLE EAST **REGION**
All European Countries
Middle East Countries



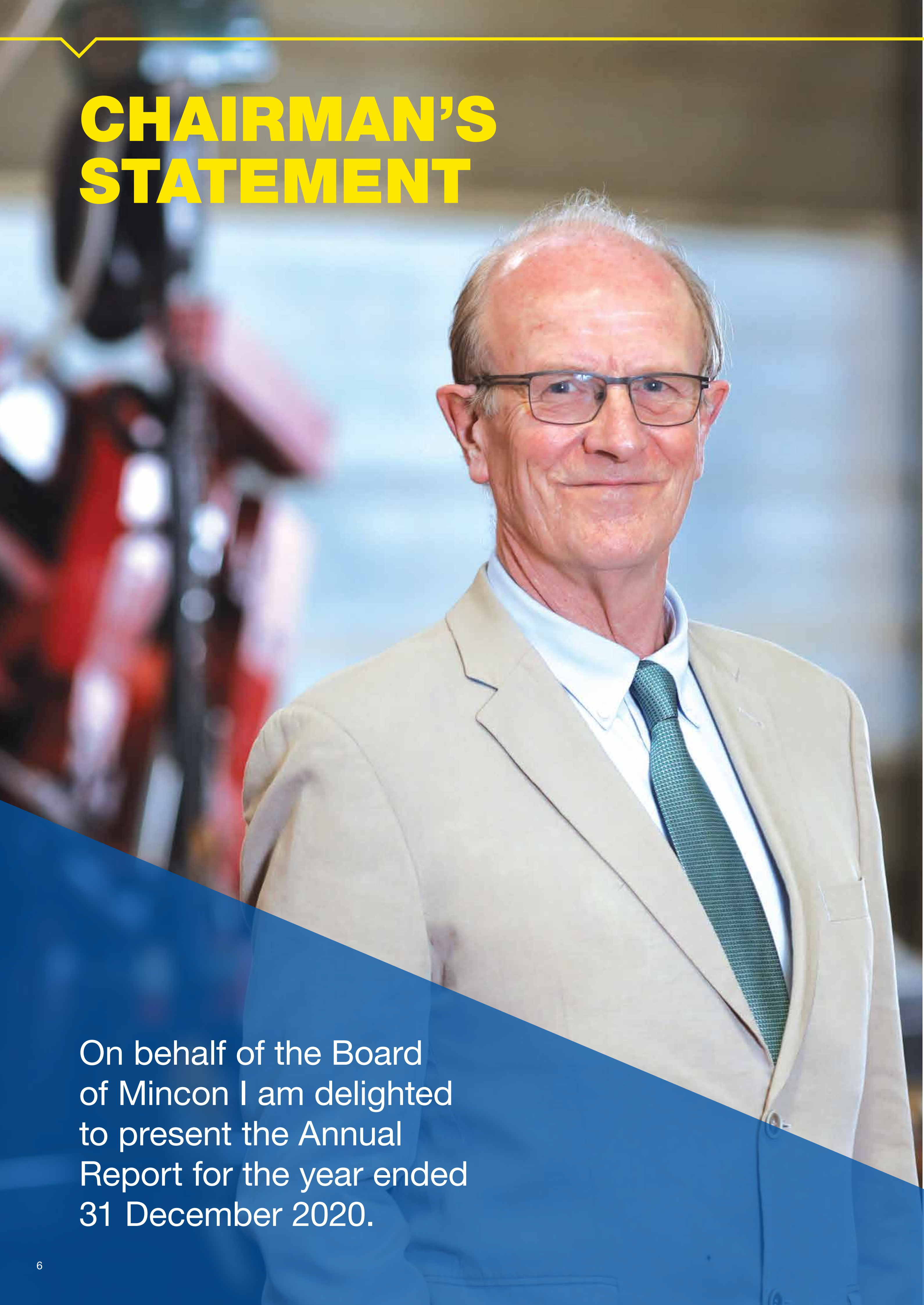
AFRICA REGION
African Continent

APAC AUSTRALIA PACIFIC **REGION**
Australia, Papua New Guinea, Indonesia

MINCON GROUP FOUR GLOBAL REGIONS:

Americas Region
Europe and Middle East Region
Africa Region
Australia Pacific Region

These regions are being led by regional VPs – proven leaders with Mincon, each with a history of working effectively and collaborating within the Group.



CHAIRMAN'S STATEMENT

On behalf of the Board of Mincon I am delighted to present the Annual Report for the year ended 31 December 2020.

Our drive for continuous excellence in technical innovation has led to us being awarded two new contracts recently by two of the largest copper mining companies in Chile.

When my fellow director, Paddy Purcell and his late wife Mary, founded Mincon forty three years ago, their guiding principles were to create a company that produced only the best rock drilling tools in their field and to back it up with the best after sales service and support in the business. The third core principle was to always recognise the importance of our people in achieving those objectives. It is fair to say, that in the years since, these three guiding principles have been steadfastly followed and respected, and I believe that our demonstrable success, especially in recent years, has been a result of our adherence to this policy.

Mincon has always been an engineering-led company, designing superior drilling consumable products that are best-in-class, coupled with a service in the field that ensures that our products meet specification and the client's needs and expectations. Our ambition was never about making and selling as many bits and hammers as we could and pushing them on to distributors' shelves. It has always revolved around the quest to continue to improve and to innovate so that we truly live up to our motto – **"The Driller's Choice"**.

Since those early days, Mincon has grown into a company with a worldwide reach with factories and service centres across the Americas, Europe, Africa and the Australia-Pacific regions. When we became a public company, we stated that our strategy was to become a 'one stop shop' for rock drilling consumables. Over the last seven years, we have widened our product range from bits and hammers so that we now can supply the full drill string to customers, supported by excellent service. This enables us to deal directly with the major mining companies worldwide rather than having to sell into the main distributors who then serviced those companies. We have 552 employees and we currently supply our products to over 1,600 customers in 81 countries.

Our drive for continuous excellence in technical innovation has led to us being awarded two new contracts recently by two of the largest copper mining companies in Chile. These contracts involve the provision of full-time teams in the pits overseeing and supporting the drilling operations. They also involve the provision of automated rod-handling systems to enhance safety and reduce installation time for the drill string components, ultimately reducing the overall drilling time at the mines. This is the first time such systems have been used in Chile and they are proving highly successful.

CHAIRMAN'S STATEMENT CONTINUED

Although our early business was predominantly in the mining sector, we then diversified into the waterwell and geothermal fields. In recent years we have developed a substantial presence in the construction drilling sector. The breakdown of our business in 2020 was 51% mining (2019 53%), 30% construction (2019 25%), 18% waterwell/geothermal (2019 20%) and 1% other (2019 2%). The spread of sectors helps to insulate us from the upswings and downswings in the business cycles of particular sectors. With our particular focus on innovative, eco-efficient engineering, we expect our construction and non-mining business to continue to grow strongly. We have a number of new, problem-solving, highly effective drilling products in the design pipeline, some of which we expect to commercialise during the first half of 2021.

Our revenue in 2020 was €130 million, a very creditable performance given the COVID-19 related circumstances which prevailed during most of the year and an 8% increase on the prior year (excluding exceptional items). Our profit was €14.4 million compared to €12.4 million the prior year, a 16% increase. Whilst we saw significant business interruption in many of our markets due to COVID-19, we nonetheless managed to maintain service and supply to our key customers while observing both our own stringent COVID-19 safety policies and those of our main customers. Our diversification across markets and sectors has enabled us to offset business interruptions in some markets with gains in others. One unfortunate consequence of the COVID-19 pandemic is that the field testing of the Greenhammer has been delayed, but it will be resumed as soon as conditions allow. As we can anticipate that the COVID-19 global pandemic will be gradually brought under control, I am confident that our business across all sectors will continue to grow and I am especially positive about the prospects for some of the new products we hope to launch this year.

I would like to pay tribute to all our dedicated and committed staff across the globe. Each one has played a part in our steady growth and success. In particular, I would like to thank our four regional managers and of course, our executive management for their passion for, and expert guidance of our business. I am also extremely grateful for the informed and valuable contribution of my fellow directors on the Board. It is a pleasure to be associated with the development of Mincon in the knowledge that all staff, managers and Board share the same passionate desire to see the Group continue to excel as a technical innovator in an expanding range of drilling tools and products which are sold across the world.

Hugh McCullough
Chairman
19 March 2021

CHIEF EXECUTIVE OFFICER'S REVIEW

I am pleased to report that Mincon was able to remain operational throughout 2020.

In 2019, Mincon implemented a regional management structure to reflect the Group's vision, culture, and ambition. As the pandemic unfolded, this Group structure enabled us to be proactive rather than reactive. As a result, the pandemic had a more muted impact on the Group's bottom line, and we ended 2020 with a positive profit growth.

2020: LOCAL CHALLENGES, GLOBAL RESILIENCE

During 2020 the world faced a pandemic that was unprecedented in modern times. Almost nobody went untouched by this global health crisis: whether it was illness, or lockdowns imposed as authorities responded to contain the spread of COVID-19.

These measures also affected businesses to varying degrees, however Mincon was able to remain operational throughout 2020. Mincon equipment is widely used for essential projects and services, so in many markets our manufacturing facilities were able to continue operating. Similarly, Mincon's direct-to-market approach meant that our service centres remained productive and continued to deliver excellent, customer service – safely and responsibly.

Our involvement in full-service mining and large geotechnical contracts has led to an increase in direct end user revenue, the direct approach now accounts for 77% of total turnover. In addition to our direct sales model, we will continue to work through distributors to serve the market in areas where the direct model is unviable, or where we already have strong distributor partnerships in place.

In 2019, Mincon implemented a regional management structure to reflect the Group's vision, culture, and ambition. As the pandemic unfolded, this Group structure enabled us to be proactive rather than reactive. As a result, the pandemic had a more muted impact on the Group's bottom line, and we ended 2020 with a positive profit growth.

This growth took place on the backdrop of challenging trading conditions across the world. Global restrictions prevented us from being on-site at customer operations, impacting both product development and sales. Additionally, pandemic-related lockdowns in certain markets saw the temporary closure of our manufacturing facilities in those countries.

When local governments imposed restrictions to contain the COVID-19 pandemic our businesses in those markets reacted with the health and safety of the workforce as the primary concern. Where necessary, operations were temporarily suspended until health authorities felt it was safe for work to continue.

CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

Due to our global footprint and our cohesive regional management structure, Mincon was able to shift manufacturing to our other factories where restrictions were less severe, as required – a successful example of the Group operating together to benefit the overall business.

At the start of the pandemic Mincon enacted a groupwide ban on international travel, with any exceptions requiring high-level approval on a case-by-case basis. Mincon businesses in each market ensured full compliance with guidance from the relevant health authorities and took steps to protect staff from transmission of COVID-19. This included installation of health monitoring equipment, provision of PPE and cleaning materials, and the use of specialised sanitation providers, as well as modifying work practices in our plants, which were designed to limit the number of employees on site at any one time and that any staff circulation around the plants was strictly limited and controlled. We also invested in infrastructure and technology to enable remote working for non-manufacturing staff.

The COVID-19 pandemic was a pressure test of our resilience, business systems, preparedness, and management. Although the global mass vaccination programme is a positive development, we believe that travel restrictions and social distancing will be a part of life for at least for the rest of the year.

EFFICIENCY IN INNOVATION

Mincon has a strong background in design, manufacture, delivery, and service of high-quality surface drilling solutions. We have strategically grown our product line-up to offer a comprehensive range of products for the whole drill string and for use in multiple industries. We pride ourselves on innovative engineering and superior manufacturing and service, something that has always been at the core of what we do.

Although the past year had its challenges for our engineering teams, due to limited testing opportunities, we were able to use this to our advantage. We are now even more ambitious when it comes to helping our customers improve safety and reduce the effect of their operations on the environment, which includes using less energy. Our engineers are focused on developing the next generation of drilling tools aimed at energy-efficient drilling, with a reduced impact on the environment and, in some cases, a transformational effect on Mincon and our customers. Our primary engineering objectives continue to be driven by our Technology Steering Group, comprising senior engineers who each have many decades of experience in the rock-drilling industry. The experience in the Group is broad and includes expertise in mechanical design and simulation; metallurgy and heat-treatment, market and application knowledge; and hands-on drilling.

PRODUCT DEVELOPMENT

Mincon's product development takes place in the following areas:

1. Product maintenance
Ongoing product development and continuous improvement of existing product lines, ensuring that we remain the industry benchmark. We also focus on identifying areas for optimisation at customer operations by closely working with them on site.

2. New product design and development
New designs and iterations of existing technologies.
Over the coming years, this development will include work on:
- New DTH hammer and bit developments with a focus on speed and efficiency;
- Continuous improvement for our range of open, and sealed-bearing, rotary drill bits, to deliver market-leading performance in terms of life and penetration rates;
- Optimising drill-rod performance and durability;
- Further development to the performance and range of cushion subs; and,
- Carbide grade developments

3. New technology development
Spearheaded by Mincon's Technology Steering Group, which is exploring several new technologies and concepts for development, including:
- Greenhammer (working name) – Mincon's flagship technology for single-pass, hard-rock blasthole drilling, using a high-performance DTH hydraulic percussion system;
- Drilled foundation product developments particularly for sensitive ground conditions;
- Plans for advancing hammer technology to encompass larger hole size capabilities than ever, while maintaining the focus on efficiency and productivity; and,
- All-new drilling technologies and approaches for new industries

Direction of these new products and technologies is spearheaded by the Technology Steering Group. Development takes place at the Group's R&D facility near our headquarters in Shannon, Ireland, where we have dedicated manufacturing capabilities and capacity to ensure our engineers' designs are machined into reality in a timely fashion. Results from field testing are then incorporated into improved design so that new revisions can be rapidly manufactured and sent back for field testing, without interrupting day-to-day production.

THE HYDRAULIC SYSTEMS

The pandemic affected product development of our Greenhammer technology in Australia. Site access was – and continued to be – limited to essential personnel only, primarily due to strict lockdowns imposed by the Australian government. While waiting to get on site, we have developed a smaller, 10" system that is fitted to our own drill rig. This is ready to go on site when restrictions are eased. We have also sourced our own rig for the larger, 12" system, which has already been developed. This will be commissioned after we get the 10" system running.

Mincon remains committed to the commercialisation of this exciting technology that will transform the hard-rock surface mining market. It is notable that our involvement in this project has had an enormously positive impact on the Group, increasing our engineering capacity and advancing our technical understanding of rock drilling. The skillsets that have been honed in the development of the Greenhammer project are being deployed in other projects and areas of the business, which will be of significant benefit to the Group's business as a whole.

NEW PRODUCTS TO MARKET

As with the Greenhammer project in Australia, development of Mincon's other technologies and products faced some setbacks in 2020 – mainly due to travel restrictions limiting testing opportunities. However, where it was safe to do so, successful tests were conducted for new drill bit designs, evolutions of our next-generation MP-series DTH hammers, and new material technologies that promise improved wear resistance.

In addition to using customer feedback for the continuous improvement of existing products, we are always working on developing new technologies that will lower drilling costs for customers by focusing on products that deliver better efficiency, faster penetration rates, and improved longevity.

Mincon also has an ambition to push the limits of drilling technology. We want to innovate and disrupt the market with unique uses of our existing technologies in new applications, or by partnering with service providers to develop all-new solutions that draw on our extensive expertise.

CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

STRATEGIC ACQUISITIONS

Growth through strategic acquisitions remains part of the Group's strategy. This approach allows for organic growth as well as procuring the correct skills, products, and manufacturing capacity in line with market demand and management's ambitions.

Our acquisitions in 2020 brought more value to our construction and geotechnical offering. Through the acquisition of Lehti Group, we now own the entire value chain associated with the manufacturing and sales of all our geotechnical products. The talented and committed team in the Lehti factory has fully integrated with the proven team at Mincon Finland. Both businesses have been physically consolidated, by moving our business and service team to the factory in Ylöjärvi, Finland. This consolidation has created a dynamic, cohesive and talented team with engineering and manufacturing excellence, as well as an excellent customer service capability that will ensure the business thrives both locally and globally.

Whilst having a market leading product and manufacturing capacity for the Geotech industry, of equal importance is the ability to provide on-site support and training to ensure product performance is maintained at or above customer expectations. With that in mind, the acquisition of RocDrill in France adds significantly to this skillset as well as expanding our customer base through the additional clients and potential projects list that RocDrill brought. Since joining the group in May 2020, the team at RocDrill has integrated well and has been instrumental in helping to advance our geotechnical ambitions.

We will continue to explore the market for acquisitions that fit our strategic goals, and which help us take opportunities that we believe are present in our industries and in new industries.

CONCLUDING COMMENTS

2020 was a challenging year for Mincon but we successfully tested the resilience and cohesiveness of our regional management structure. Throughout the year this shone through, and I would like to thank all who stepped up to the tasks that a very unusual year threw their way.

The capacity of our engineering teams grew, through guidance from the Technology Steering Group. We will continue to nurture that talent through our ambitious goals to develop and commercialise innovative and transformative solutions for the industries we target. We will also continue to look at diversifying our revenue streams, while growing core business activities in the mining, construction, and waterwell/geothermal industries.

To support and manufacture our expanding product range, we will continue to review and update our well-invested factories, ensuring that quality, throughput, and energy efficiency is at the core of any investment decision.

The upcoming vaccination programmes do not mean that we will be less vigilant or relax our fight against the transmission of COVID-19. The health and safety of all our people continues to be my primary concern and I would urge everyone to take all the necessary precautions to best ensure that we emerge safely from this crisis and get back to some semblance of normality. To that end I would like to thank all for perseverance in this and I look forward to better days ahead.

Joseph Purcell
Chief Executive Officer
19 March 2021

STRATEGY OF THE GROUP
BUSINESS MODEL AND STRATEGY

The Group has a five-year rolling strategy, which is reviewed by the Executive and the Board each year, and as necessary. We examine and reflect on our decisions, continually review our processes and act to mitigate adverse outcomes.

The Group's strategy and business model and amendments thereto, are developed by the Chief Executive Officer and his Executive team, and approved by the Board. The senior management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level.

The Group's overall strategic objective is to develop long term sustainable competitive advantage with our products and services for customers, for the benefit of our shareholders and all stakeholders.

The Group focus has been on manufacturing hammers and bits for surface drilling for mining production, mining exploration, horizontal drilling, geotechnical projects, waterwell and geothermal applications. We continue to diversify our income streams by extending our addressable market into those industries. We continue to extend the ranges of hammers and bits that we offer, not only to further our market reach, but also to complement our complete range of surface drilling solutions. We continue to develop the drill string components that support a full product range and service offering. Our strategic direction is to provide market leading products, manufactured, supplied and serviced by the Group, to a diversified range of industries. The diversification of income streams into industries with differing business cycles is designed to minimise volatility in earnings growth.

We seek to market competitive products centred on an ethos of innovative engineering and service, and are committed to adding value for our customers by partnering with them to find lower total drilling cost solutions. We supply markets and customers across the world. Our broad geographical spread enables us to obtain feedback from the use of our products in a wide range of drilling environments. This constant iteration from the end customer to engineering and back to the market drives our design and process improvements. We continue to devote significant resources to refining and improving current products.

The Group manufactures and sells rock drilling consumable products, and the timely supply and service of these products is paramount to our business model. Since the markets that we serve across the world are geographically dispersed, and the lead times for delivery are set by customer requirements and competition to a large degree, we have built a wide network of customer service centres backed by manufacturing plants in key markets. We continue to review our factory operations and from time to time we relocate the manufacture or part manufacture of some products from one factory to another, in some cases, to achieve better economies of scale, and in other cases, to manufacture products with long lead times closer to their markets so that we can adapt to changing customer needs in a more timely fashion. These factory reviews are ongoing as part of the company's rolling strategic plan.

We continue to look for opportunities to increase our geographical footprint and the vertical integration of supply lines where they add strategic value for the Group and add margin. However, in the immediate years ahead the company will focus more closely on organic growth of existing products in the regions that we service, and on bringing new drilling technologies, currently in development, to the market.

In executing the Group's strategy and operational plans, management will typically confront a range of day-to-day challenges associated with key risks and uncertainties, and through compliance, audit, risk management and policy setting, we will aim to mitigate these risks and maximise the sustainable opportunity for success.

We are committed to:

- innovative engineering and industry leading quality
- the creation of new drilling products and technologies and associated intellectual property, supported, inter alia, by patents
- industry leading field service delivery, and
- improving the skill sets of our teams

The Group's overall strategic objective is to develop long term sustainable competitive advantage with our products and services for customers, for the benefit of our shareholders and all stakeholders.

STRATEGY OF THE GROUP
PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal risks and uncertainties are outlined in this section. Mincon has adopted appropriate controls and recruited management with the necessary skills and experience to manage and mitigate these risks where possible and thus enable execution of the Group's business strategy as outlined in this section.

PRINCIPAL RISKS RELATING TO THE GROUP'S INDUSTRY

The Group's products are used in industries which are either cyclical or affected by general economic conditions

The demand for the Group's products and services is affected by changes in customers' investment plans and activity levels. Customers' investment plans can change depending on global, regional and national economic conditions or a widespread financial crisis or economic downturn. The demand for the Group's products is affected by the level of construction and mining activities as well as mineral prices. A financial crisis may also have an impact on customers' ability to finance their investments. In addition, changes in the political situation in a region or country or political decisions affecting an industry or country can also materially impact on investments in consumable equipment. Although the Group believes that its sales are well diversified with customers located in disparate geographic markets and industry segments, it is likely that the Group would be affected by an economic downturn in the markets in which it operates.

The Group is exposed to risks associated with operations in emerging markets

The Group's international operations may be susceptible to political, social and economic instability and civil disturbances. Risks of the Group operating in such areas may include:

- disruption to operations, including strikes, civil actions, international conflict or political interference;
- changes to the fiscal regime including changes in the rates of income and corporation taxes;
- reversal of current policies encouraging foreign investment or foreign trade by the governments of certain countries in which the Group operates;
- limited access to markets for periods of time;
- increased inflation; and
- expropriation or forced divestment of assets.

Any of the above factors could result in disruptions to the Group's business, increased costs or reduced future growth opportunities. Potential losses caused by these disruptions may not be covered by insurance.

The Group operates in countries with less developed legal systems

The countries in which the Group operates may have less developed legal systems than countries with more established economies, which may result in risks such as:

- effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain;
- a higher degree of discretion on the part of governmental authorities;
- a lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- an inability on the part of the Group to adequately protect its assets in these jurisdictions;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and courts in such matters.

In some jurisdictions, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

If the Group fails to develop, launch and market new products, respond to technological development or compete effectively, its business and revenues may suffer

The Group's long-term growth and profitability is dependent on our ability to develop and successfully launch and market new products. The Group's revenues and market share may suffer if it is unable to successfully introduce new products in a timely fashion or if any new or enhanced products or services are introduced by our competitors that customers find more advanced and/or better suited to their needs.

While the Group continuously invests in research and development to develop products in line with customer demand and expectations, if it is not able to keep pace with product development and technological advances, including also shifts in technology in the markets in which it operates, or to meet customer demands, this could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's products may be duplicated by competitors or its intellectual property may be misappropriated

The Groups proprietary products may be duplicated either directly or by misappropriation of intellectual property. The Group files patents where appropriate and limits access to technical information on Research and Development. However some jurisdictions, in which the Group operates and in which our competitors manufacture, may not have the same level of patent protection as others and enforcement of patents may be a lengthy process. If competitors' duplicate the Groups proprietary products, it could have a material adverse effect on the Group's revenues and results.

If the Group's manufacturing and production facilities are damaged, destroyed or closed for any reason, our ability to distribute products will be significantly affected

The Group has eight manufacturing facilities located in Ireland, the UK, Sweden, Finland, Australia, South Africa, Canada and the United States. Should any of these facilities be destroyed or closed for any reason, or the equipment in the facilities be significantly damaged, the Group is likely to face setbacks in our ability to manufacture and distribute products to customers. Such circumstances, to the extent that it is not possible to find an alternative manufacturing and production facility, or transfer manufacturing to other Group facilities or repair the damaged facilities or damaged equipment in a timely and cost-efficient manner, could have a material adverse effect on the Group's business, results and financial condition. In addition, the availability of manufacturing components is dependent on suppliers to the Group and, if they suffer interruptions or if they do not have sufficient capacity, this could have an adverse effect on the Group's business and results.

FINANCIAL CONDITION RISKS

Future Revenues

The Group relies on the ability to secure orders from new customers as well as maintaining relationships with existing customers to generate most of its revenue. Investors should not rely on period to period comparisons of revenue as an indicator of future performance.

Competition

The markets for the Group's products are highly competitive in terms of pricing, product design, service and quality, the timing and development and introduction of new products, customer services and terms of financing. The Group faces intense competition from significant competitors and to a lesser extent small regional companies. If we do not compete successfully in all of our business areas and do not anticipate and respond to changes in evolving market demands, including new products, we will not be able to compete successfully in our markets, which could have a material adverse effect on the Group's business, its results and financial condition.

The Group is subject to competition in the markets in which it operates and some of its competitors are significantly larger and have significantly greater resources than the Group. The Group's principal competitors are Epiroc which is headquartered in Stockholm, Sweden, with a global reach spanning more than 150 countries and Sandvik, which is also headquartered in Stockholm, Sweden, with business activities in more than 160 countries. There can be no guarantee that the Group's competitors or new market entrants will not introduce superior products or a superior service offering. Such competitors may have greater development, marketing, personnel and financial resources than the Group. Should these or other competitors decide to compete aggressively with the Group on price in the markets and industries in which it operates while offering comparable or superior quality products, this could have a material adverse effect on the Group's financial position, trading performance and prospects.

STRATEGY OF THE GROUP
PRINCIPAL RISKS AND UNCERTAINTIES
CONTINUED

FINANCIAL CONDITION RISKS (CONTINUED)

The Group is exposed to the risk of currency fluctuation

The Group's financial condition and results of operations are reported in euro but a large proportion of its revenues are denominated in currencies other than euro, including the US dollar, the Canadian dollar, the Australian dollar, the Swedish Krona, Sterling and the South African rand. Adverse currency exchange rate movements may hinder the Group's ability to procure important materials and services from vendors and suppliers, may affect the value of its level of indebtedness, and may have a significant adverse effect on its revenues and overall financial results. In the past, the Group has experienced gains and losses from exchange rate fluctuations, including foreign exchange gains and losses from transactions risks associated with assets and liabilities denominated in foreign currencies, including inter-company financings. The Group has introduced measures to improve its ability to respond to currency exchange rate risks. However, these measures may prove ineffective, and exchange rate volatility, particularly between currency pairs that have traditionally been rather stable, may develop. As a result, the Group may continue to suffer exchange rate losses, which could cause operating results to fluctuate significantly and could have a material adverse effect on the Group's business and financial condition.

Contractual Arrangements

The Group derives some of its revenue from large transactions (which may be non-recurring in nature). Prospective sales are subject to delays or cancellation which the Group has little or no control and these delays could adversely affect results. Also, to address the non-recurring nature of some of these transactions, the Group needs to focus on securing new lines of business on a regular basis.

Customer Concentration

During 2020 the Group's top ten customers have accounted for approximately 27% of its revenues. If, in the future, these customers fail to meet their contractual obligations, decide not to purchase the Group's products or decide to purchase fewer products, this could disrupt the Group's business and require it to expend time and effort to develop relationships with new customers, which could have a material adverse effect on the Group's business, results of operations and financial condition. There can be no assurance that, even if the Group could find alternate customers, the Group could receive the same price for its products.

The Group is exposed to fluctuations in the price of raw materials

The Group's operations give rise to risks due to changes in the price of market-quoted raw materials, mainly steel and tungsten. The prices can vary significantly during a year. If the market does not permit a transfer of the effects of changing raw material prices into the end-price of the products, this may have a material adverse effect on the Group's business, results of operations and financial condition.

Risks related to COVID–19 pandemic

The Group is exposed to risks to business interruption caused by the global COVID–19 pandemic. These risks may relate to interruptions in raw materials supply, interruptions in end user markets through work stoppages or shipping difficulties or interruptions in manufacturing capacity caused by a potential outbreak of infection in one or more of our plants with consequent material adverse effect on the Group's revenue and results.

CHIEF FINANCIAL OFFICER'S REVIEW

Notwithstanding the challenges brought about by the COVID-19 global pandemic, Group revenue in 2020 increased by 8% (11% on a constant currency basis) compared with 2019 (pre-exceptional items). This was due, in part, to the expansion of the Group's core operations as identified in the 2019 review. During 2020, we expanded these core operations organically and through acquisitions. Our acquisitions of Lehti and RocDrill provided us with €6.2 million revenue growth during the year.

The global reach of the Group grew in 2020, mainly through the acquisition of RocDrill. This subsidiary sells into Europe, Australia Pacific, South America, and Africa, expanding the Group's customer footprint to 81 countries.

Price increases of precious metals and iron ore improved the performance of the mining industry during 2020. Mincon experienced growth of 2% in this industry during the year, although activity was hampered when local government COVID-19 restrictions forced temporary closures of our businesses in South Africa and Peru during Q2. Also, significantly impacted on planned business development in Australia throughout the year.

Most of our 2020 growth in the mining industry was experienced in the Americas and Africa regions. We gained market share through securing new customers early in 2020, with deliveries to those customers commencing later in the year. The mining growth in Africa occurred in northern Africa, where COVID-19 restrictions were not as severe as those in southern Africa.

Our revenue growth in mining was held back somewhat by a weaker performance in the Australia Pacific region. Travel restrictions made it difficult to service mining customers outside of Australia, with the spread of the virus allowing only intermittent access to our customers in remote areas.

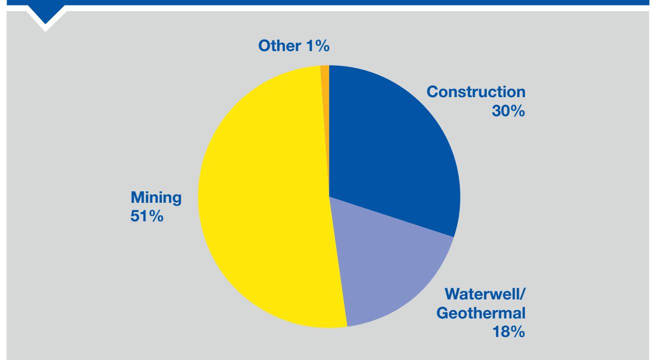
In recent years, we have gained significant traction in the construction industry. Our first major step was acquiring PPV in Finland, a geotechnical development company, in 2017. We developed our geotechnical IP further to give us our current geotechnical products. This allowed us to expand our sales into the industry through our existing sales networks in the Americas and Europe. Our construction revenue continued to grow in 2020 and accounted for 30% of our overall revenue, representing year on year growth of 33%.

The waterwell/geothermal industry is predominantly concentrated in Europe and North America for our Group. Our waterwell/geothermal revenue declined by 3% in 2020, due to several prolonged COVID-19 government lockdowns across many European countries. These lockdowns continued from Q2 through Q4 2020.

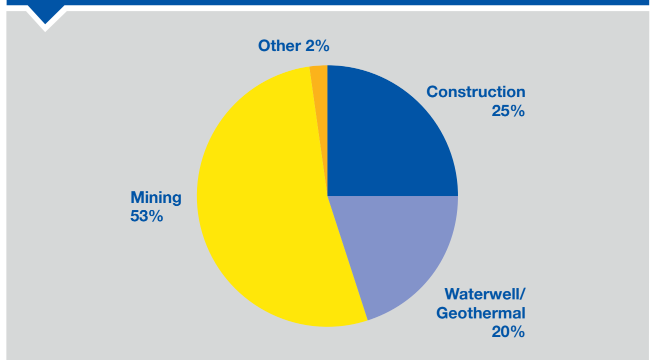
Revenue outside our three main industries accounted for 1% of our overall revenue. This revenue was generated to ensure efficient utilisation of a manufacturing plant that supplies Group companies. In 2020 this revenue stream declined due to a strategic decision to increase supply of Mincon carbide product to our newly acquired manufacturing in Finland, rather than supplying Mincon carbide to DTH/RC manufacturing competitors. We view our carbide manufacturing capabilities and quality as part of the IP suite for our drilling products.

OUR THREE MAIN INDUSTRIES ARE MINING, CONSTRUCTION AND WATERWELL/GEOTHERMAL.

2020



2019



GROSS MARGIN

Our gross margin increased to 35.2% in 2020 from 33.6% (pre-exceptional items) in 2019, with no material change in the mix of Mincon and non-Mincon product sales year on year. The acquisition of Lehti in Finland, an outsourced manufacturing supplier for the majority of our geotechnical products, assisted the Group in achieving much of the additional gross margin percentage in 2020. We subsequently merged this company with our operations in Finland.

The increase in volumes through our factories reduced the manufacturing overhead per unit, which led to an improvement in the gross margin of manufactured products.

During the year we reorganised all our hammer production to our Shannon facility to drive further efficiencies. This consolidation of hammer production was completed towards the end of Q4 2020.

The manufacturing of DTH and RC drill bits is strategically located closer to our customers. Drill bit engineering and manufacturing processes are very dynamic, therefore long sea freight times are not feasible for a product that has rapidly evolving requirements to meet varying ground conditions.

Over the past few years, Mincon has acquired new manufacturing facilities, IP, and designed new products in a bid to be better positioned as a preferred OEM partner capable of supplying a complete drill string solution. This has allowed us to adopt a direct sales approach. The current product offering and after-sales service has given us a better footing for selling directly to large mining and construction contractors, enabling us to get better prices for our products which leads to improved gross margins for the Group.

The COVID-19 global pandemic had an adverse impact on our gross margin during 2020 due to significantly increased freight costs for the Group. Early in the pandemic, we relied on air freight to meet our commitments to customers due to difficulty at seaports, where local government restriction slowed the movement of product. Air freight is significantly more expensive when compared to sea freight. This higher freight cost reduced the Group's gross margin by 0.6% in 2020.

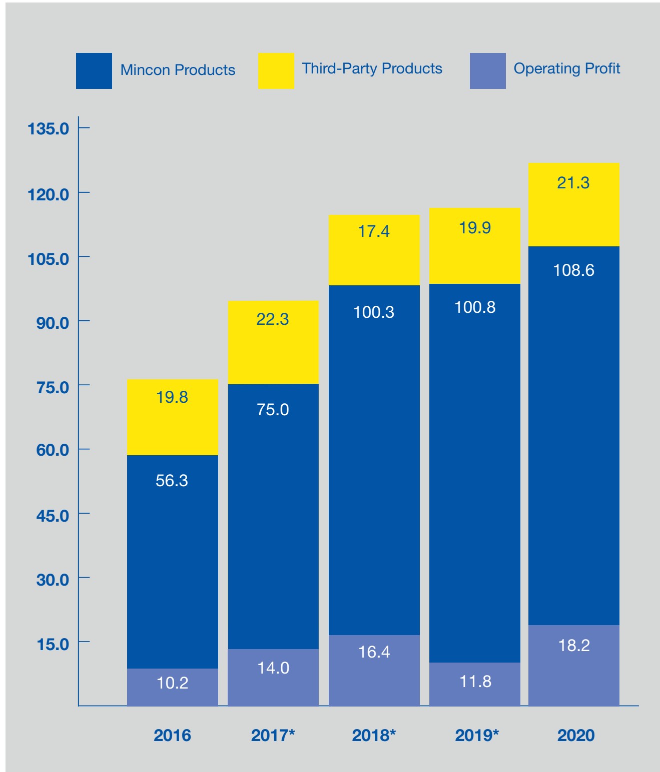
OPERATING PROFIT

Operating profit grew by 55% compared with the 2019 figure (pre-exceptional items). The contributing factors were revenue growth, higher gross margin, and lower operating costs during the year.

In 2019 we removed €2.4 million of operating costs by discontinuing unprofitable operations and reorganising the Group, giving us a better footing to contain operating costs as a percentage of revenue in 2020.

During the year, the Group availed of COVID-19 related government grants totalling €1.3 million. These grants compensated for the Group being affected by the impact of the pandemic in Australia, Canada, Sweden and the UK. The grants received were largely due to employee related schemes, where the cost of doing business had increased drastically due to the pandemic. A large portion of that extra cost has been detailed in the gross margin section above.

The Group also incurred substantially lower travel costs than previous years following the implementation of a Group-wide international travel ban introduced early in 2020. Though this inability to travel hindered us in seeking new opportunities and prevented us from rolling out new products to the market, it was done to ensure the safety of the Group's employees.



* Before exceptionals and write-offs.

CHIEF FINANCIAL OFFICER'S REVIEW
CONTINUED

BALANCE SHEET

Our balance sheet grew €13.4 million in 2020. Excluding a €2.2 million dividend to shareholders, the balance sheet would have grown to €15.6 million. We generated cash of €19.3 million through the operating activities of the Group, a year-on-year increase of 55%.

Our inventory carrying amount increased during the year, the acquisition of Lehti and RocDrill brought €3.6 million of inventory onto our balance sheet. At year-end, inventory valuation was €4.4 million higher than 2019. At the beginning of Q2 2020, when we began to witness the impact the COVID-19 Global pandemic was having on the freight industry, we planned to increase inventory of high volume selling Mincon manufactured product through that quarter, to ensure we could meet customer requirements throughout the difficult period ahead. However, by improving our systems and procedures, we decreased inventory of products that have lower volume turnover. Overall, the number of weeks of inventory held decreased slightly on 2019.

Several countries in which we operate had prolonged lockdown periods during 2020 which had a detrimental effect on some of the businesses operating in our markets. However, the Group had zero occurrence of debtor write-offs during the year, and the value of debtors at year end remained in line with 2019. Debtor days decreased by 6% compared with 2019.

Creditors decreased during the year, mainly through the purchase of Lehti in Finland as this was a vertical acquisition. That debt owed to Lehti was brought in-house and converted to an intercompany balance following the acquisition of this company.

We invested further into new methods of manufacturing, while disposing of less efficient machinery. This led to a net increase of €6.9 million in property, plant and equipment. Our prepayments decreased as we commissioned the new heat treatment facility in Australia, €3.2 million was included in prepayments in 2019 in respect of this system.

We invested a total of €10.9 million in acquisitions including taking control of minority interest holdings in the Group and payments of deferred consideration.

We now have 100% control of all Group subsidiaries. These investments were the largest cash outlay for the Group during the year. Deferred payments on 2020 acquisitions and minority interest takeover added €2.3 million to further future liabilities.

We borrowed €5 million to fund the €7 million cash consideration for Lehti at the date of acquisition in January 2020 (total consideration was €7.7 million). A further €1.3 million was borrowed to fund specific plant and equipment purchases during the year, while Lehti had €5.7 million of loans, finance leases and ROU leases on its balance sheet at the date of acquisition.

GROWTH

The reorganisation of the Group in 2019 removed unprofitable high-risk operations and has given the Group room to invest in clear opportunities such as Lehti , in Finland, and RocDrill, in France. Despite 2020 being a turbulent year due the pandemic, we achieved organic growth in regions such as the Americas and Africa.

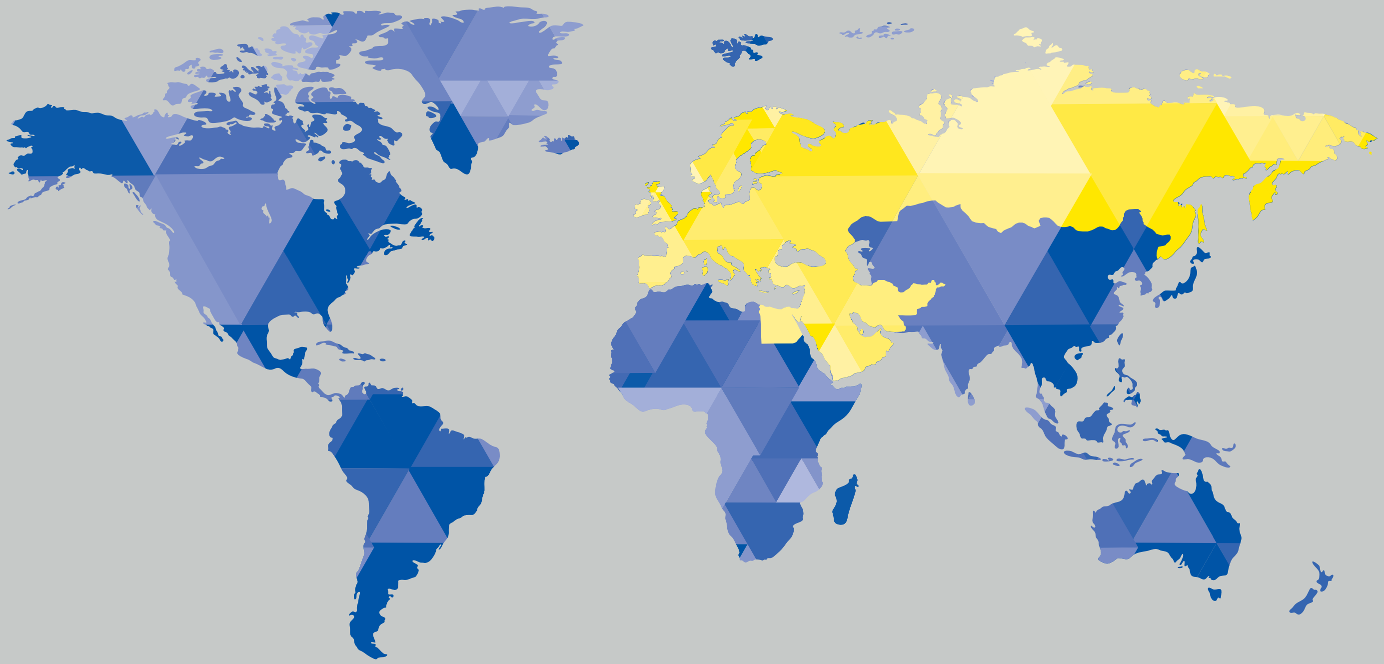
The growth experienced during 2020 was achieved within the backdrop of an unprecedented global health emergency. We grew revenue and reached new levels of profitability, while using available government supports to cushion the blow of postponing new opportunities, which the pandemic has forced on us.

In the coming years, we will plan to invest in new manufacturing techniques to continue the improvement in our production efficiencies, while also increasing capacity. These manufacturing investments are also targeted to give our products added advantages in the market.

Mark McNamara
Chief Financial Officer
19 March 2021

These manufacturing investments are also targeted to give our products added advantages in the market.

EME EUROPE & MIDDLE EAST **REGION**



AVERAGE STAFF NUMBERS

290

COUNTRIES OFFICES

06

Ireland
Finland
Sweden
UK
France

NUMBERS OF CUSTOMER SERVICE CENTRES IN REGION

03

FACTORIES

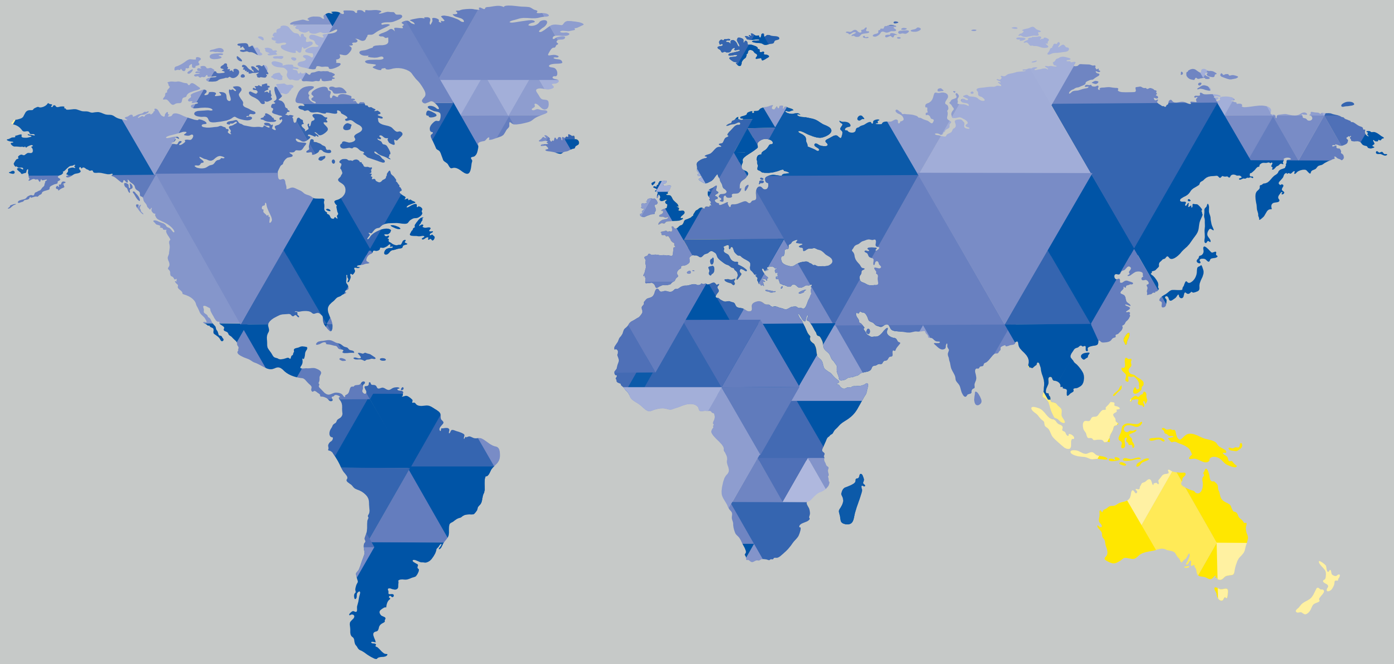
04

- Factory floor space: 15,184 SQM
- Manufacturing: DTH Hammers, RC Hammers, DTH Bits, Large-Diameter Hammers, Drill Pipes, Drilling Accessories, Tungsten Carbide Buttons

MOST ACTIVE CUSTOMER MARKETS

- Construction and Technical
- HDD
- Waterwell
- Production Mining
- Quarrying

APAC AUSTRALIA PACIFIC **REGION**



AVERAGE STAFF NUMBERS

57

COUNTRIES WITH DIRECT REPRESENTATION

03

Australia
Papua New Guinea
Indonesia

NUMBERS OF CUSTOMER SERVICE CENTRES IN REGION

03

FACTORIES

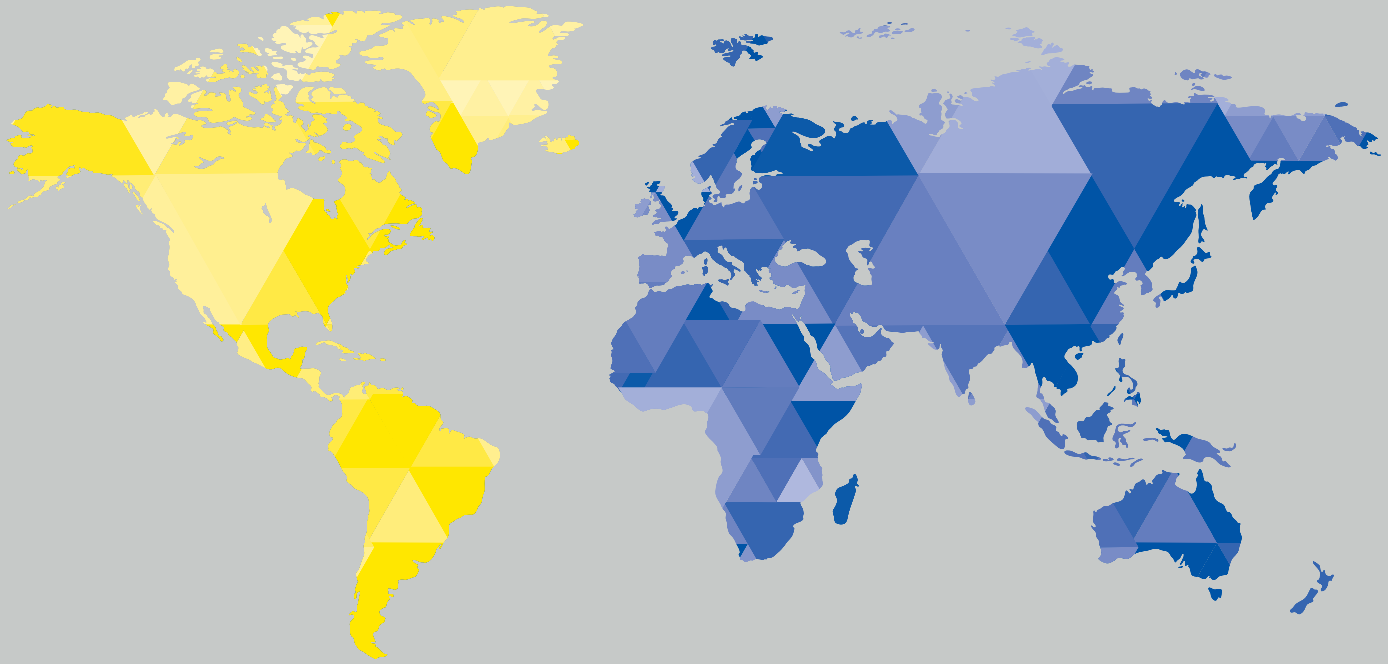
01

- Factory floor space: 6,850 SQM
- Manufacturing:
  DTH Drill Bits
  RC Drill Bits
  RC Drill Pipes
  Drilling Accessories

MOST ACTIVE CUSTOMER MARKETS

- Production Mining
- Exploration Mining
- Quarrying
- Construction and Geotechnical
- Waterwell

AMERICAS REGION



AVERAGE STAFF NUMBERS

132

COUNTRIES WITH DIRECT REPRESENTATION

04

Canada
USA
Peru
Chile

NUMBERS OF CUSTOMER SERVICE CENTRES IN REGION

12

FACTORIES

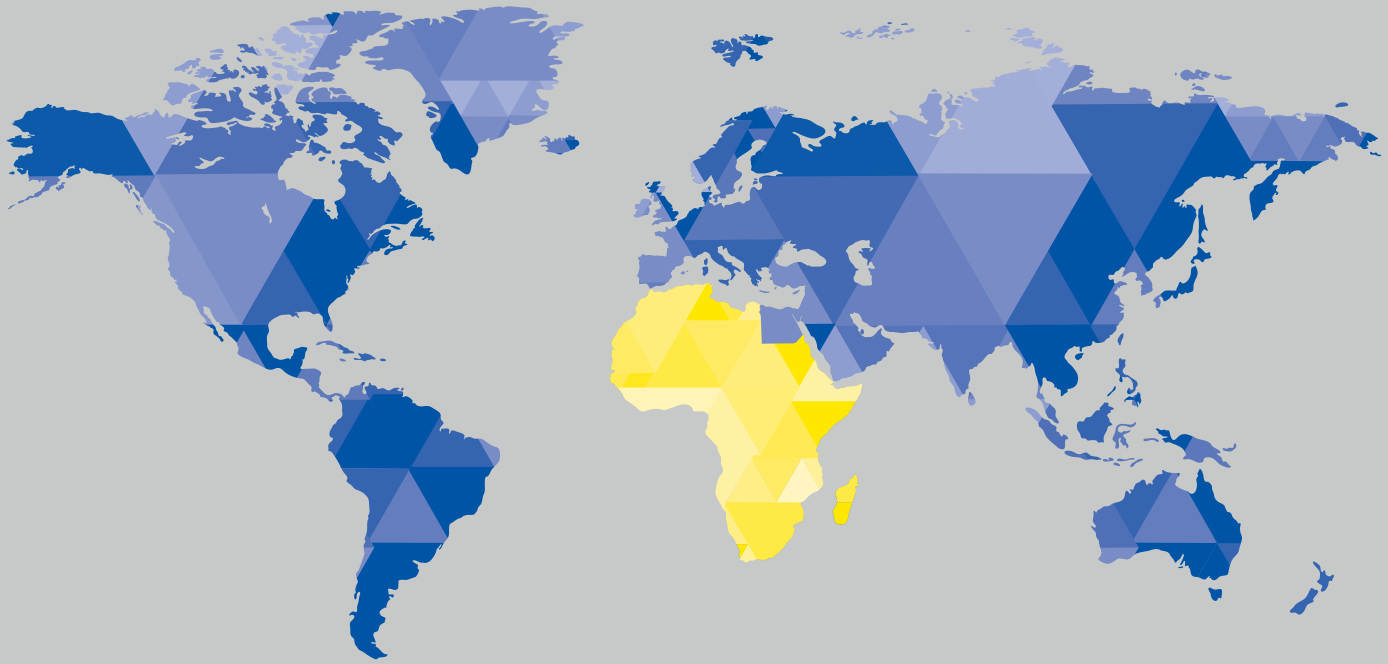
02

- Factory floor space: 7,900 SQM
- Manufacturing:
  DTH Drill Bits
  Rotary Drill Bits

MOST ACTIVE CUSTOMER MARKETS

- Construction and Geotechnical
- Waterwell
- Geothermal
- Production Mining
- Exploration Mining
- HDD
- Quarrying

AFRICA REGION



AVERAGE STAFF NUMBERS

73

COUNTRIES OFFICES

03

Las Palmas, Regional Headquarters
South Africa
Namibia

NUMBERS OF CUSTOMER SERVICE CENTRES IN REGION

04

FACTORIES

01

- Factory floor space: 8,112 SQM
- Manufacturing: Drill Pipes Drilling Accessories

MOST ACTIVE CUSTOMER MARKETS

- Production Mining
- Exploration Mining
- Waterwell
- Quarrying

BOARD OF DIRECTORS

At 31 December 2020, the Board of Mincon comprised of four non-executive directors and two executive directors. Details of the directors are set out on the left and below:

NON-EXECUTIVE DIRECTORS

Hugh McCullough
Age 70
Non-Executive Chairman

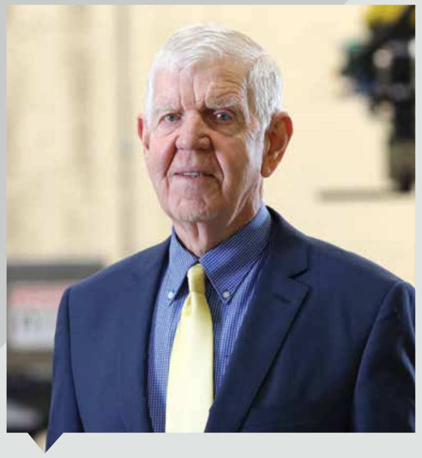
Hugh has over 40 years' experience in gold and base metal exploration, principally in Ireland, Ghana, Mali and Papua New Guinea. Having previously worked as a project geologist, in 1982 he became chief executive of Glencar Mining plc. Hugh was responsible for the management, financing and strategy of Glencar for over 27 years until it was acquired by Gold Fields Limited in September 2009.

Hugh is a geologist and holds an honours degree in geology from University College Dublin and a degree of Barrister-at-Law from the King's Inns, Dublin.

John Doris
Age 74
Senior Independent Non-Executive

John joined the Board in February 2017. He has broad experience across a number of sectors including manufacturing, lending and corporate finance. He has been an independent consultant and a non-executive director for over twenty years. Prior to becoming an independent consultant, he was a director of ABN Amro Corporate Finance (Ireland) Limited where he managed the successful Riada Business Expansion Funds.

John graduated from University College Dublin with a B.Sc. in physics in 1969 and returned to University College Dublin to complete his M.B.A. in 1977. He qualified as an ACCA in 1974 and is a former president of ACCA Ireland.



Patrick Purcell
Age 83
Non-Executive Director

Patrick served an apprenticeship in the Irish Air Corps in the 1950s and later qualified as an accountant in Australia in 1961. When he returned to Ireland in 1967 he joined Shannon Diamond & Carbide Ltd, (later Boart Longyear) and worked in various capacities with their European Group Companies for the next 10 years. His roles with Shannon Diamond & Carbide included that of cost accountant, sales and marketing director and a period as a general manager of their manufacturing plant in Norway before becoming their director for European sales companies and product development.

Patrick set up Mincon in 1977 and developed the Group, firstly in Ireland and then into overseas areas including USA, Canada, Australia, South Africa and Sweden. Patrick remained as executive chairman until 2012 but continued to work with the company as an adviser on new projects.

Paul Lynch
Age 54
Non-Executive Director

Paul currently acts as strategic adviser for a number of companies having recently served as Chief Financial Officer of Applegreen plc, a quoted petrol forecourt retailer in the Republic of Ireland and the United Kingdom, between 2014 and 2017.

Paul qualified as a chartered accountant with Arthur Andersen in 1990, after which followed a wide-ranging career in corporate finance and senior management across a number of industry sectors. He was a director of Heiton Group plc for seven years, from 2000 to 2007, initially as Head of Corporate Development and subsequently as Managing Director of its Retail Division. Paul served as chief executive of large-scale businesses in the retail, manufacturing, waste management and facility services sectors and he has led and concluded over 20 M&A transactions across diverse industries and jurisdictions.

COMPANY SECRETARY

Barry Vaughan
Age 38
Company Secretary

Barry qualified as a Certified Public Accountant in 2009 having commenced his finance career in public practice. He has held various management roles within both public practise and industry. This included four years providing business partnering and financial management support to executives within an international telco company based in Australia. Having joined Mincon in August 2017 as Financial Controller of Mincon International Ltd, Barry currently oversees the Group's Financial Compliance across the regions.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mincon has a highly experienced team of senior managers that has helped to drive the development of the Group across its global locations. Brief profiles of the Mincon senior management team are set out below:

KEY MANAGEMENT

Joseph Purcell
Age 54
Chief Executive Officer

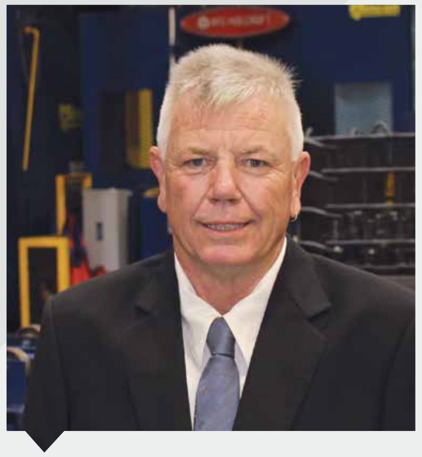
Joseph qualified as a mechanical engineer in 1988 at University College Galway, in Ireland and since then has worked with Mincon in various capacities. DTH hammer design has been his main area of specialisation although he has extensive experience in manufacturing methods, heat-treatment and process development. His hammer design work has included seven years in Perth, Australia where he developed a successful range of reverse circulation and conventional DTH hammers for local and export markets. Joseph was appointed as chief technical officer for the Mincon Group on his return from Australia in 1998. In May 2015, Joseph was appointed Chief Executive Officer of Mincon Group plc.

Thomas Purcell
Age 49
Regional Executive - Americas

Thomas Purcell had a background in accounting prior to emigrating to the USA to work with Mincon on a new joint venture opportunity in the country. He worked for the Mincon Group in the dimensional stone quarrying industry during which time he was key in setting up operations in Virginia and North Carolina. In 1996, Mincon sold its investment in the quarrying entities to Marlin Group of South Africa. He worked in various positions with their USA subsidiary from Purchasing and Safety Manager of four quarrying companies, to CFO and Operations Manager for their Atlanta based operation, Stone Connection. He re-joined the Mincon Group in 1999 as President of Mincon, Inc.

Mark McNamara
Age 40
Chief Financial Officer

Mark began his finance career in public practice in 2004 where he qualified as a Certified Public Accountant ("CPA"). He began working with Mincon as Financial Controller of Mincon International Ltd. in March 2010. He moved into the position as Group Financial Controller in 2013 prior to the IPO of Mincon where he was the lead accountant. Preceding his finance career Mark worked in airline operations and holds a bachelor's degree in Information Technology.



Stephen Atkinson
Age 59
Regional Executive - Australasia

Stephen joined Mincon in 2016 after the acquisition of OZmine, where he was the CEO. He has over 35 years' experience in manufacturing and servicing the oil, gas and mining sectors. Stephen has formed many successful start-up businesses throughout his career, one such business began in 1991, where Stephen together with his business partner and 700 employees, traded through their company Oilmin Tools, a company specialising in manufacturing drilling consumables and selling direct to the end user, Oilmin Tools had five manufacturing facilities across Australia, Indonesia and Singapore securing contracts with blue chip companies throughout those regions. Stephen completed his Boilermaker First Class Welding Apprenticeship In 1980.

Martin van Gemert
Age 56
Regional Executive - Africa

Martin joined Mincon in 2010, when he set up the Mincon West Africa business and started the Group's expansion into Africa. He has more than three decades of experience in the construction, geotechnical, exploration, and mining industries, in various operational management capacities with drilling contractors and drilling equipment manufacturers. In 2007 he established a country office for Sandvik in Mali and was appointed as the country manager for that business, where he managed a team of technicians and sales personnel, as well as the supply of capital mining equipment and consumables to three large gold mines. He has managed drilling and blasting operations at major construction projects and opencast gold mines across Southern Africa, where his operational experience includes operating drilling equipment, specialised geotechnical, ground stabilisation, controlled construction, and opencast mine blasting techniques.

Jussi Rautiainen
Age 56
Regional Executive - EME

Jussi joined Mincon Group in January 2017. He was chief executive officer of Robit Rocktools Ltd. from 2005 to January, 2016. Prior to that, he held international management positions at Huhtamäki Oyj and UPM Kymmene Corporation. Jussi holds a Bachelor of Economics degree and has also an Executive Master of Business Administration degree.

DIRECTORS' REPORT

The Directors present the directors' report and the consolidated financial statements of Mincon Group plc ("Mincon") for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES OF THE GROUP

Mincon is an Irish engineering Group, specialising in the design, manufacture, sales and servicing of rock drilling tools and associated products. The Group's manufacturing facilities are located in Shannon, Ireland, in Sheffield, in the UK, in Sunne, Sweden, in Tampere, Finland, in Perth, Australia, in Johannesburg, South Africa, in Benton, Illinois in the USA, and in North Bay, Ontario in Canada.

Mincon has a clear vision and determined focus giving priority towards:

- Highest design specifications
- Best manufacturing methods and processes
- Delivery of superior products to our customers

Mincon also maintains a network of sales and distribution companies in a number of international markets to provide after-sales support and service to customers. Products, comprising both Mincon manufactured products and third party products that are complementary to Mincon's own products, are sold directly to the end user or through distributors.

Mincon manufactured product can be broken down into seven distinct product lines:

1. Conventional down the hole (DTH) product
2. Reverse circulation (RC) product
3. Horizontal directional drilling (HDD) product
4. Rotary drilling product
5. Geotechnical product
6. Drill pipe product
7. Tungsten carbide product

Mincon manufactured hammers, bits (including rotary bits) and pipes are used in a variety of drilling industries including production and exploration mining, waterwell, geothermal, construction, quarrying oil and gas and seismic drilling. Mincon also provides a hard-rock HDD system to provide access for fibre optic cable laying and similar activities. In addition, Mincon, through its subsidiary Mincon Carbide Limited, manufactures tungsten carbide inserts, its core markets being mining, construction and the oil & gas industry.

DTH, RC & HDD products have distinct sales lines for associated parts, namely hammers, spares, bits and pipes. Bits and pipes can be sold separate from the hammer. Mincon manufactures a range of bits and pipes to an industry standard size which can be used in conjunction with hammers manufactured by competitors. Rotary bits are made to industry standard size and are used in the same mining applications as Mincon's DTH hammers and bits. Ring bits, pilot bits, casing systems and forepoling systems are generally sold with DTH products but can be sold separately. Tungsten carbide high quality impact buttons are used on the face of DTH, RC, HDD & tricone drill bits and ring and pilot bits.

The Mincon hammers, bits, casing systems, forepoling systems and pipes are considered consumable items in the drilling industry in contrast with capital items such as truck/track-mounted drilling rigs and large air compressors. As products of a consumable nature, Mincon products have a shorter life cycle than capital goods (such as rigs and compressors).

BUSINESS REVIEW

Commentaries on performance in the year ended 31 December 2020, including information on recent events and likely future developments, are contained in the Chairman's Statement, Chief Executive Officer's Review and Chief Financial Officer's Review. The performance of the business and its financial position together with the principal risks faced by the Group are reflected in the Chief Financial Officer's Review as well as the risk review section.

DIVIDEND

In September 2020, Mincon Group plc paid a final dividend for 2019 of €0.0105 (1.05 cent) per ordinary share. In September 2019, Mincon Group plc paid an interim dividend for 2019 of €0.0105 (1.05 cent) per ordinary share. In June 2019, Mincon Group plc paid a final dividend for 2018 of €0.0105 (1.05 cent) per ordinary share.

DIRECTORS AND SECRETARY

The dates of appointments and resignations of the Company's directors and secretary are set out in the table below:

DIRECTOR	DATE OF APPOINTMENT	DATE OF RESIGNATION
Patrick Purcell	16 August 2013	
John Doris	16 February 2017	
Hugh McCullough	13 December 2016	
Joseph Purcell	23 September 2013	
Thomas Purcell	23 September 2013	
Paul Lynch	05 December 2019	
COMPANY SECRETARY		
Jonathan Clancy	13 March 2019	13 March 2020
Barry Vaughan	13 March 2020	

DIRECTORS' REPORT CONTINUED

SUBSTANTIAL SHAREHOLDERS

As at close of business on 19 March 2021, in so far as is known to the Company, the following persons are, directly or indirectly, interested in 3% or more of the issued share capital of the Company:

SHAREHOLDER	ORDINARY SHARES AS AT THE DATE OF THIS DOCUMENT	PERCENTAGE OF ISSUED ORDINARY SHARE CAPITAL
Kingbell Company	119,671,200	56.54%
Setanta Asset Management	27,927,580	13.19%
Invest fur Langfristige Investoren	18,773,990	8.87%
FMR LLC	18,324,129	8.66%

None of the Group's major shareholders, as listed above, have different voting rights attaching to ordinary shares held by them in the Group. The Purcell family vehicle, Kingbell Company, have certain Board nomination rights for so long as their respective shareholdings remain above certain thresholds.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to financial risks including credit risk, interest rate risk and foreign currency risk. The Group manages risk in order to reduce the impact of these risks on the performance of the Group and it is the Group's policy to manage these risks on a non-speculative manner. The Group does not utilise derivative financial instruments to hedge economic exposures. Details of the Group's financial risk management objectives and policies are set out in note 23 to the financial statements.

COMPLIANCE STATEMENT

The directors acknowledge that they are responsible for securing compliance by Mincon Group plc (the 'Company') with its relevant obligations as are defined in the Companies Act, 2014 (the 'Relevant Obligations'). The directors further confirm the Company has put in place appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with its relevant obligations including reliance on the advice of persons employed by the company and external legal and tax advisers as considered appropriate from time to time and that they have reviewed the effectiveness of these arrangements or structures during the financial year to which this report relates.

POLITICAL CONTRIBUTIONS

The Group and Company did not make any contributions during the year disclosable in accordance with the Electoral Act 1997.

RESEARCH AND DEVELOPMENT

The Group's strategy around research and development is set out in the Strategy section of this Annual Report. The Group invested €3.7 million on research and development in 2020 (2019: €3.2 million), €1.1 million of which has been capitalised (2019: €1.4 million).

RESEARCH AND DEVELOPMENT INVESTMENT 2020

€3.7m

CORPORATE GOVERNANCE

The Board of Mincon is committed to achieving high standards of corporate governance, integrity and business ethics for all activities as set out in the Directors' Statement on Corporate Governance of this Annual Report.

ACCOUNTING RECORDS

The directors believe that they have complied with the requirement of Sections 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the company are maintained at the company's offices at Smithstown Industrial Estate, Shannon, Co Clare.

SIGNIFICANT EVENTS SINCE YEAR-END

Details of significant events since year-end are set out in note 29 to the financial statements.

GOING CONCERN

The directors, having made enquiries, have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

Mincon Group continues to monitor the COVID-19 global pandemic and review the procedures that we have in place to mitigate the effects the global health emergency is having on our operations.

The Group has completed a sensitivity analysis of the consolidated income statement, consolidated balance sheet and consolidated cashflow forecasts. The Group is exposed to risks to business interruption caused by the global COVID-19 pandemic. These risks may relate to interruptions in raw materials supply, interruptions in end user markets through work stoppages or shipping difficulties or interruptions in manufacturing capacity caused by a potential outbreak of infection in one or more of our plants with consequent material adverse effect on the Group's revenue. The sensitivity analysis conducted by the Group incorporates effects on trading being disrupted as a result of the COVID-19 global pandemic. The directors believe that the Group has sufficient reserves to enable it to adjust its operations to absorb this decrease in trading activity.

Mincon Group also has identified a number of mitigating factors that can be implemented to preserve cash and other resources in the event of any decline in operations. The directors believe that sufficient financial resources are available to enable the Group meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the Directors individually confirm that:

- in so far as they are aware, there is no relevant audit information of which the Company's statutory auditor is unaware;
- and that they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditor is aware of such information.

AUDITOR

KPMG, Chartered Accountants continue in office in accordance with Section 383(2) of the Companies Act 2014.

On behalf of the board

Hugh McCullough
Chairman
19 March 2021

Joseph Purcell
Chief Executive Officer

As with Mincon’s product engineering, its energy consumption efforts will be subject to an ethos of continuous improvement, with the eventual goal of achieving a carbon-neutral status.

STATEMENT OF DIRECTORS CORPORATE GOVERNANCE

The Board of Mincon is committed to maintaining the highest standards of corporate governance. The Group is required to apply the principles of a recognised corporate governance code, and the Board acknowledges the importance of adhering to this code.

They confirm that the Group complies with the principles and provisions of the QCA Corporate Governance Code, as issued by the Quoted Companies Alliance in April 2018. This includes a code of best practice for AIM companies, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters. The directors recognise the importance of sound corporate governance and have taken account of the main principles of the QCA Guidelines, wherever possible and as appropriate to the size, nature and resources of the Group. It is also our intention to be as open and transparent about our governance arrangements as possible and use the annual report to give details of changes and improvements made during the year.

THE BOARD

The Company is controlled through its Board of Directors. The Board comprises four non-executive directors and two executive directors. Biographical details on the Board members are set out in the section entitled "Board of Directors." The Board's primary roles are to create value for shareholders, to provide leadership to the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to the Group to enable them to meet those objectives.

All of the directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the Board and seek re-election at least once every three years. When a director retires or resigns the Board seat is filled through the nominations committee of the Board and the individual is also subject to regulatory approval by the Stock Exchange, and the support of our Nomad.

The Board is responsible to the shareholders for the proper management of the Group and the directors hold Board meetings at least six times per annum and at other times as and when required to review the operational and financial performance of the business, and to be updated on strategic, commercial, product and service matters. All key capital investment decisions, and acquisitions, new activities and distribution points are subject to approval by the Board of Directors.

The Board considers itself to be sufficiently independent. The QCA Code suggests that a board should have at least two independent non-executive Directors. One of the four non-executive directors, Mr. Patrick Purcell, is the company founder and majority shareholder through a trust. None of the rest of the Board is a significant shareholder, save through that trust for certain executive members. The Senior Independent Non-Executive director is Mr. John Doris, who is also the Chairman of the Audit Committee.

Non-Executive Directors receive their fees only in the form of cash emoluments fully taxed in compliance with the income tax regime of the Irish residence of the Mincon Group plc. Certain receipted travel expenses are also paid to accommodate the attendance at Board meetings.

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. The Board has delegated responsibility for the day to day management of the Group to the Group's executive management. There are clear divisions of responsibilities between the roles of the Chairman and Chief Executive Officer.

MANAGING AND COMMUNICATING RISK AND IMPLEMENTING INTERNAL CONTROL

The Board is responsible for putting in place and communicating a sound system to manage risk and implementing internal control.

The Board is responsible for reviewing the effectiveness of the systems of risk management and internal control. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit Committee, the effectiveness of these internal controls is reviewed annually, progress is reported on as systems and procedures are developed, and explanations are requested from management on such matters as may come or be brought to the attention of the committee.

The Audit Committee meets with the auditors both separately and with invited executive management attendance, to consider such matters as may be reported on formally and regularly, but also to discuss the business compliance with, and the development of systems, risk mitigation and commercial procedures.

The directors have outlined in the Principal Risks and Uncertainties section the key risks facing the Group and strategies to manage these risks.

A comprehensive budgeting process is completed once a year for the coming year, and this sits within an updated rolling three-year plan. It is reviewed and approved by the Board. The Group's results, compared with the budget and the prior year, together with any foreseen risk and other matters, are reported in detail to the Board on a monthly basis.

The Group maintains appropriate insurance cover in respect of actions taken against the directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

The compliance, audit, risk and policy matters are reported to the executive as they occur, are discussed among the executive and reported on to the Board and to the Chair together with the actions taken and proposed to respond appropriately to the matter flagged.

CORPORATE COMMUNICATION AND INVESTOR RELATIONS

The Group recognises the importance of shareholder communications. The Group seeks to maintain a regular dialogue with both existing and potential new shareholders in order to communicate the Group's strategy and progress and to understand the needs and expectations of shareholders

Beyond the Annual General Meeting, the Chief Executive Officer, Chief Financial Officer, and such other key executive members as may be relevant to the matter, meet regularly with investors and analysts to provide them with updates on the Group's business and to obtain feedback regarding the market's expectations of the Group.

This follows on from the half year and full year announcements of the results for the Group when the Chief Executive Officer, Chief Financial Officer and certain other key executives travel to meet existing and prospective shareholders and analysts/commentators on an individual and collective basis. It also occurs during any particular year on an ad hoc basis with the announcements of key events around contracts, products, and corporate transactions. We have introduced a specific investor review document on our corporate website, to update both existing and prospective shareholders on the Groups business and performance.

We provide further updates as required on acquisitions, performance of key elements, products and markets as may be necessary and which may be important to the understanding of the strategy, the market position, the business, the products and the team. In addition, though there is no regulatory requirement for it, the Group has decided to provide detailed quarterly updates over recent years to provide more timely insight for stakeholders, and to provide a platform for more informed decision making and questioning by stakeholders. Attention is drawn to these announcements on the corporate website. In addition to this, shareholders are actively encouraged to visit key sites, meet key people and discuss the business of the Group.

The Company is also a regular presenter at invited investor events, providing an opportunity for investors to meet with representatives from the Group in a more informal setting. The contact numbers for the relevant executives are provided with company announcements.

NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

The Board considers that all of the Non-Executive Directors are of sufficient competence and calibre to add strength and objectivity to its activities, and bring considerable experience in our industry, and in the general operational and financial development of our companies. This may be direct experience of corporate finance and investment and the mining industry in general from hands on experience.

The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group.

The Chairman, in conjunction with the Company Secretary, ensures that the directors' knowledge is kept up to date on key issues and developments pertaining to the Group, and on its operational environment and to the directors' responsibilities as members of the Board.

STATEMENT OF DIRECTORS CORPORATE GOVERNANCE
CONTINUED

BOARD EVALUATION

The Board engaged an external party to conduct a review of the Board and its effectiveness in 2019 that ran in to the early part of 2020. The main recommendations arising from the review were implemented during 2020. The Committee will have another independent review carried out during 2021.

DIRECTORS' INDEPENDENCE

The Board has determined that Hugh McCullough, John Doris and Paul Lynch are independent within the meaning of the QCA Guidelines. Patrick Purcell is not considered independent within the requirements of the QCA Guidelines by virtue of his shareholding in the Company. The two executives on the Board are Joseph Purcell and Thomas Purcell.

GOVERNANCE STRUCTURES AND PROCESSES

The Board has overall responsibility for promoting the success of the Group through the management team. The Executive Directors and the executive team have day-to-day responsibility for the operational management of the Group's activities. The Non-Executive Directors are responsible for bringing independent and objective judgment to Board decisions.

There is a clear separation of the roles of Chief Executive Officer and Non-Executive Chairman. The current CEO is the chief engineer and is the principal designer of the current range of products. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making and that the Non-Executive Directors are properly briefed on matters. The Chairman has overall responsibility for corporate governance matters in the Group.

The Chief Executive Officer has the responsibility for implementing the strategy approved by the Board and managing the day-to-day business activities of the Group. In addition the CEO has primary responsibility for engagement with the shareholders and other stakeholder Groups. The Company Secretary is responsible for ensuring that Board procedures are followed and that the Group complies with applicable rules and regulations.

The Board has established an Audit Committee, a Remuneration Committee and a Nominations Committee with formally delegated duties and responsibilities. The Board deals with matters relating to health and safety and risk through the Board (as opposed to through a separate committee).

The ultimate responsibility for reviewing and approving the annual financial statements and interim statements remains with the Board. The Audit Committee works with the executive team to obtain such explanations and information as it requires, and may, supported by the external auditors, ask that the executive amend, adjust or provide explanations to the Board, through the Board to the Stock Market, on our website, or in the annual or other reports as it may see fit.

COMMUNICATION ON HOW THE GROUP IS GOVERNED

The Group places a high priority on regular communications with its various stakeholder groups and aims to ensure that all communications concerning the Group's activities are clear, fair and accurate. The Board communicates on such matters and on how the Group is governed through the annual report, and may also give updates through announcements and presentations to shareholders on an individual or Group basis.

The Group's website is regularly updated, and users can register to be alerted when announcements or details of presentations and events are posted onto the website. The Group's financial reports and notices of General Meetings of the Company can be found on the website.

The results of voting on all resolutions are posted to the RNS section of the Group's website, including any actions to be taken as a result of resolutions for which votes against have been received.

AUDIT COMMITTEE

Further details on the duties and activities of the Audit Committee can be found in the Audit Committee Report on page 50 to 52.

NOMINATION COMMITTEE

Further details on the duties and activities of the Nomination Committee can be found in the Nomination Committee Report on page 53 to 55.

STATEMENT OF DIRECTORS CORPORATE GOVERNANCE CONTINUED

REMUNERATION COMMITTEE

Further details on the duties and activities of the Remuneration Committee can be found in the Remuneration Committee Report on page 56 to 58.

Share Ownership and Dealing

Mincon has adopted a share dealing policy that complies with Rule 21 of the AIM Rules and Rule 21 of the ESM Rules relating to directors' dealings as applicable to AIM and ESM companies respectively. Mincon takes all reasonable steps to ensure compliance by applicable employees.

Directors' Remuneration

Details of individual remuneration of directors are set out in the Remuneration Committee Report page 56 to 58.

DIRECTORS' AND COMPANY SECRETARY'S SHARE INTERESTS

The beneficial interests of the directors and Company Secretary (including those of their spouses and children) who held office at 31 December 2020 in the share capital of the Company was as follows:

NAME	ORDINARY SHARES HELD	PERCENTAGE OF ISSUED ORDINARY SHARE CAPITAL
Kingbell Company	119,671,200	56.54%
Hugh McCullough	29,263	0.01%
Paul Lynch	35,000	0.02%

Kingbell Company, is a company controlled by Patrick Purcell and members of the Purcell family (including Joseph Purcell and Thomas Purcell).

No director or member of a director's family has a related financial product referenced to the Company's share capital. There are no outstanding loans as at 31 December 2020 (2019: €Nil) granted or guarantees provided by any company in the Group to or for the benefit of any of the directors other than amounts disclosed in note 28 to the financial statements. There have been no changes in the interests of the other directors and the Company Secretary in the period to 19 March 2021.

Other transactions with the directors are set out in note 28 to the consolidated financial statements.

STAKEHOLDER'S AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

The Group understands that a number of different stakeholders have an interest and are impacted by the activities of the Group. Amongst those stakeholders are the direct owners and employees of the Group, investors and dependents, and our suppliers and customers. There are also the regulatory authorities in the jurisdictions in which we have activities, employees and customers, and legal and environmental frameworks with which our businesses are required to comply.

The Group is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholder Groups. These include the Group's employees, partners, suppliers, regulatory authorities and the customers involved in the Group's activities. The Group's operations and working methodologies take account of the need to balance the needs of all of these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Group for the benefit of its members as a whole.

The Group endeavours to take account of feedback received from stakeholders, making amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Group's longer-term strategy.

The Group takes seriously the well-being of its employees consistent with the guidelines in the various jurisdictions and industries within which it works.

The Group takes due account of any impact that its activities may have on the environment and seeks to minimise this impact wherever possible. Through the various procedures and systems, that it operates, the Group works to ensure full compliance with health and safety and environmental legislation relevant to its activities. The Group reviews its environmental footprint, across our manufacturing sites, with goals being set and targets to be achieved.

The objectives are to reduce our footprint, to reduce the energy and waste costs of our business, and to achieve a higher rating for environmental considerations while also reducing the cost associated with our production.

Mincon Group plc's energy management policy aims to:

- avoid unnecessary energy costs
- monitor overall electricity, gas, oil, process gases and lubricant oils usage on a regular basis
- monitor electricity usage of the significant energy using equipment
- report energy performance indicators (EnPIs) at monthly, quarterly and annual management review meetings
- improve the cost effectiveness of producing a safe, comfortable working environment
- comply with current energy and environmental legislation and protect the environment by minimising CO2 emissions.

CORPORATE CULTURE

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations. These values are preserved in the written policies and working practices adopted by all employees in the Group. An open culture is encouraged within the Group, with regular communications to staff regarding progress and staff feedback regularly sought. The Executive Committee regularly monitors the Group's cultural environment and seeks to address any concerns that may arise, escalating these to Board level as necessary.

The Group seeks to act with fairness towards its stakeholders, and its competitors, in the conduct of its business, and expects that this would be reciprocated.

The Group is committed to providing a safe environment for its staff and all other parties for which the Group has a legal or moral responsibility in this area. The Executive operates a Health and Safety Committee in each of the manufacturing facilities which meets monthly to monitor, review and make decisions concerning health and safety matters.

The Group's health and safety policies and procedures are enshrined in the Group's documented quality systems, which encompass all aspects of the Group's day-to-day operations. The Board asks for a quarterly report on health and safety matters encompassing the compliance, audit, risk and policy development of the Group and the subsidiaries.

AUDIT COMMITTEE REPORT

As chairman of the Audit Committee, I am pleased to present the report of the Committee for the year ended 31 December 2020. This report details how the Audit Committee has met its responsibilities, as per the committee's Terms of Reference, in the last twelve months.

ROLE OF THE AUDIT COMMITTEE

The role, responsibilities and authorities of the Audit Committee ('the Committee') are clearly communicated in our written Terms of Reference' as displayed on our corporate website. The Committee is responsible for providing oversight and confidence to the Board regarding the following:

- monitoring the integrity of the Group's financial statements including reviewing significant financial reporting judgements/estimates and changes in accounting policies
- reviewing internal control and risk management systems
- reviewing periodically the requirement for an Internal Audit function and the performance of Internal Audit duties in the absence of such a specific function
- making a recommendation to the Board in relation to the continued appointment of the External Auditor and the remuneration of the External Auditor
- assess the performance of the External Auditor, including their independence and objectivity.

MEMBERSHIP

Members are appointed to the Committee by the Board, based on the recommendations of the Nomination Committee in consultation with the Chairman of the Committee. The Audit Committee comprises John Doris (Chair), Hugh McCullough, Paul Lynch and Patrick Purcell. The Board is satisfied that the members of the Committee bring a wide range of skills, expertise and experience in commercial, financial and audit matters arising from the senior positions they hold or held in other organisations. The Board is satisfied that the mix of business and financial experience enables the Committee to effectively fulfil its responsibilities. The Company Secretary or his nominee acts as the secretary to the Committee and the Committee may obtain, at the Group's expense, outside legal or other professional advice needed to perform its duties. The Committee has unrestricted access to the Group's Finance team.

MEETINGS

The Committee meets at least three times a year in line with the Committee's Terms of Reference and otherwise as is required. During 2020, the committee met on five occasions and all members were present at these meetings. Meetings are generally scheduled around the financial reporting cycle to allow the Committee to carry out its duties in relation to the financial statements. Meetings are called by the Secretary at the request of any of the Committee members or at the request of the Group Auditor (KPMG). Reports are circulated in advance of the meetings to allow the Committee access to information in a sufficiently timely manner. The Committee also regularly invites the Chief Financial Officer and other members from the finance function to attend the Committee meetings. The Group Auditor is invited to attend some meetings of the Committee on a regular basis. In general, the Committee meets in advance of Board meetings and reports to the Board on the key outcomes from each meeting. The Committee has unrestricted access to the Group's Auditor, with whom it meets at least three times a year. The Committee meets with the Group Auditor, without Executive Management being present on an annual basis in order to discuss any issues which may have arisen during the year.

GOING CONCERN

The Committee considered the use of the going concern basis of accounting and reviewed the assessment prepared by management. The Committee was comfortable with the assessment and has a reasonable expectation that the Group have adequate resources to continue in operation for the foreseeable future.

FINANCIAL REPORTING AND SIGNIFICANT FINANCIAL ISSUES

The Audit Committee considers significant accounting policies, any changes to them and any significant estimates and judgements. The Committee also considers the methods used to account for significant or unusual transactions where the accounting treatment is open to different approaches. Pending the Group Auditor's view, the Committee considered whether the Group, in its financial statements, has adopted appropriate accounting policies and, where necessary, made appropriate estimates and judgements.

The Audit Committee also reviewed the transparency and integrity of disclosures in the financial statements. The Committee reviewed in detail the below areas of significant judgement in respect of the financial statements for the year ended 31 December 2020. The Committee also had detailed discussions on these matters with senior management. In this regard the Committee considered a report from the Group Auditor on its work undertaken and conclusions reached. A summary of this report is included in the Audit Report set out on pages 66 to 70.

GOODWILL IMPAIRMENT ASSESSMENT

The Committee considered the goodwill impairment assessment carried out by management, in accordance with the requirements of IAS 36 'Impairment of assets' as set out in note 12 of the financial statements.

In performing their impairment assessment management determined the recoverable amount of the Cash Generating Unit ("CGU"), and compared this to the carrying value at the date of testing. The recoverable amount of the CGU is determined based on fair value less cost to sell calculation.

The Committee considered and discussed with management, the key assumptions to understand their impact on the CGU's recoverable amount.

The Committee was satisfied that the methodology used by management and the results of the assessment, together with the disclosures were appropriate.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has a responsibility for maintaining effective systems in relation to risk management and internal control. On behalf of the Board, the Audit Committee has a role in the continued development of a risk awareness culture by driving the integration of risk and strategy, and behaviours and beliefs at all levels of the organisation.

The Committee receives and reviews the Group's risk register. As the Group continues to grow, there is particular focus on ensuring that any changes to the Group's risk profile are matched by appropriate mitigating factors. The Group's principal risks and uncertainties are outlined on pages 18 to 21. The Committee also engages regularly with both the Group Finance Team and the Group Auditor to ensure that appropriate measures are taken to address risks as they are identified or as their risk profile changes.

The Committee continues to encourage the development of policies, procedures, management systems and internal controls that are designed to enhance the existing risk management framework.

INTERNAL AUDIT

The Committee reviewed the need for an Internal Audit function during the year through engagement with the Groups Finance Team and the Senior Management team. The Committee approved that compliance reviews would be performed using the existing resources available to the Group Finance team, by way of performing tests of control, tests on adherence to company policies and business risk reviews at subsidiary level.

WHISTLEBLOWING ARRANGEMENTS

The Group has an independent and confidential whistleblowing policy which allows employees through an anonymous submission to raise concerns regarding all aspects of the business. The Committee ensures that arrangements are in place for a proportionate, independent investigation and appropriate follow up of such matters.

The Committee and the Board reviewed the Group's whistleblowing policy during the year to ensure that it meets the needs of the Group, in particular as the business continues to grow and expand.

AUDIT COMMITTEE REPORT CONTINUED

EXTERNAL AUDITORS

The Committee has an important role in supporting the Board discharge its duties by providing independent oversight over Group audit.

Independence and Provision of Non-Audit Services

The Committee is responsible for ensuring that the Group Auditor (KPMG) is objective and independent. KPMG has been the Group's Auditor since 2013. KPMG as Group Auditor is prevented from engaging in certain non-audit services that would compromise its independence, violate any laws and regulations, and affect its appointment as Auditor.

The Committee performed a review of the audit and non-audit services provided by the External Auditor and the fees charged for those services in respect of the year ending 31 December 2020. Following this review and the confirmation in writing received from the Group's Auditor reaffirming its independence and objectivity, the Committee is satisfied as to KPMG's independence and objectivity.

Effectiveness

The Committee assessed the Auditor's performance at our December 2020 meeting when the audit plan for the year ended 31 December 2020 was presented in December 2020. The Committee discussed the significant audit risks and key audit matters, audit scope and materiality amongst other matters. The Committee reviewed and appropriately challenged the Auditor before agreeing the proposed audit scope and approach. KPMG presented an interim finding report in August 2020 and presented a final detailed report of their audit findings to the Committee at our meeting in March 2021. These findings were reviewed and appropriately challenged by the Committee. In determining the appropriateness of the Auditor, the Committee had full regard to the Auditor's competence, the quality and efficiency of the audit, and whether the audit fee is appropriate in relation to size, complexity, and risk and control profile of the Group. On reviewing all of the above factors, the Committee continues to be satisfied with the performance of KPMG and has informed the Board accordingly.

On behalf of the Audit Committee

John Doris
Chairman of the Audit Committee
19 March 2021

NOMINATION COMMITTEE REPORT

On behalf of the Nomination Committee and the Board, I am delighted to present the report of the Committee for the year ended 31 December 2020.This report details the Nomination Committee's responsibilities and how the Committee discharged these duties in 2020.

ROLE OF THE NOMINATION COMMITTEE

The duties, responsibilities and authorities of the Nomination Committee are clearly communicated in our written Terms of Reference as displayed on our corporate website. These include, but are not limited to, the following:

- reviewing the structure, size and composition of the Board compared to its current position and make recommendations to the Board with regard to any changes
- identifying and nominating candidates for approval by the Board to fill Board vacancies, considering candidates on merit and against objective criteria and with due regard to the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position
- considering succession planning for the Directors and Senior Executives in the course of its work, accounting for the challenges and opportunities facing the Group, and the skills and expertise needed on the Board and by the Group in the future
- evaluating the balance of skills, knowledge, experience, and diversity on the Board
- carry out a biennial performance evaluation of the Board, its Committees, and individual directors.

MEMBERSHIP

Members, including the Chairman, are appointed to the Committee by the Board. The Nomination Committee comprises Hugh McCullough (Chair), John Doris and Patrick Purcell. The Board is satisfied that the members of the Committee are Independent. The biographical details of each member are set out on pages 34 to 35. Only members of the Committee have the right to attend Committee meetings, however, the Chief Executive Officer and external advisers may be invited to attend, as and when appropriate. The Company Secretary or his nominee acts as the Secretary to the Committee.

MEETINGS

The Committee meets at least twice a year in line with the Committee's Terms of Reference and otherwise as is required. During 2020, the Committee met on two occasions and all members were present at these meetings. The matters dealt with by the Committee during 2020 included the following:

Terms of Reference of the Board Committees

The terms of reference for the three Board Committees were updated, reviewed by the Committee, and presented to the Board who approved them. The updated terms of reference for each of the Committees were then uploaded to the Group website.

Boardroom Diversity

The Board is keen to ensure the Group benefits from the existence of a high-quality Board comprising of individuals with an appropriate balance of skills and experience. During the year discussions were had as to whether there was a need to appoint a new, independent, Non-Executive Director. Agreement was reached that the Board was well balanced at present and that there was no immediate need to enlarge it. It was acknowledged that future plans for enlargement of the Board should take account of the need for gender balance on the Board.

Board Performance Evaluation

The Board engaged an external party to conduct a performance review of the Board and its committees in 2019 that ran in to the early part of 2020. The main recommendations arising from the review were implemented during 2020. The Committee will have another independent review carried out during 2021.

Succession Plan

During the year, the Nomination Committee reviewed Senior Management's succession plan to ensure that the Company has the appropriate level of skills and diversity. The plan was completed for all critical roles in place, and this will be maintained on an ongoing basis. This allows Mincon Group to proactively plan and react to any senior management changes, help retain critical talent in the organisation, protect and sustain our financial targets and ensure the optimal foundation for future business expansion.

NOMINATION COMMITTEE REPORT
CONTINUED

BOARD COMMITTEES AND DURATION OF TENURE

The appointment dates, of the Directors, on the three Board Committees as at 31 December 2020 can be seen below.

NOMINATION COMMITTEE		
Hugh McCullough (Chair)	Appointed 2018	Independent
Patrick Purcell	Appointed 2013	
John Doris	Appointed 2020	Independent

AUDIT COMMITTEE		
John Doris (Chair)	Appointed 2018	Independent
Hugh McCullough	Appointed 2016	Independent
Paul Lynch	Appointed 2019	Independent
Patrick Purcell	Appointed 2013	

REMUNERATION COMMITTEE		
Paul Lynch (Chair)	Appointed 2020	Independent
Patrick Purcell	Appointed 2013	
John Doris	Appointed 2017	Independent

On behalf of the Nomination Committee

Hugh McCullough
Chairman of the Nomination Committee
19 March 2021

REMUNERATION COMMITTEE REPORT

On behalf of the Remuneration Committee and the Board, I am pleased to present the report of the Committee for the year ended 31 December 2020.This report details the Remuneration Committees responsibilities and how the Committee discharged these duties in 2020.

RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The role, responsibilities and authorities of the Remuneration Committee are clearly communicated in the Committee's Terms of Reference' as displayed on our corporate website. The primary duties include the following:

- ensuring that remuneration policy and practise is aligned to the Groups values and is clearly linked to the delivery of the Groups long term goals
- in arriving at this policy ensuring all factors such as relevant legal and regulatory requirements are followed, these factors should include the suggestions and provisions in the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies
- establish and agree with the Board the framework for the remuneration of the Chief Executive Officer and the Chief Financial Officer. The Committee can recommend and monitor the level and structure of remuneration for other Senior Executives as determined by the Board. The Committee Chairman, together with a Committee of the executive directors, shall make recommendations to the Board in relation to the remuneration of Non-Executive Directors that will be within the limits set by shareholders
- determine the total individual remuneration package of the Chief Executive Officer, the Chief Financial Officer and other Senior Executives, including bonuses, incentive payments and share options or other share awards
- direct and approve targets for performance related pay schemes to be implemented by the Group and approve the total annual payments under such schemes

MEMBERSHIP

Members, including the Chairman, are appointed to the Committee by the Board on the recommendation of the Nomination Committee. At least two members of the Committee shall be independent non-executive directors of the Group. The Remuneration Committee comprises Paul Lynch (Chair), John Doris and Patrick Purcell. Only members of the Committee have the right to attend Committee meetings, however other individuals including external advisers may be invited to attend, as and when appropriate. The Company Secretary acts as the secretary to the Committee.

OUR APPROACH TO REMUNERATION

The Committee's overall remuneration philosophy is to ensure Executive Directors and Senior Executives of the Group are incentivised to implement the Board's strategy and that remuneration is aligned with the interests of shareholders and other stakeholders over the longer term.

MEETINGS

The Committee meets at least three times a year in line with the Committee's Terms of Reference and otherwise as is required. During 2020, the committee met on four occasions and all members were present at these meetings. The matters dealt with by the Committee during 2020 included the following:

Remuneration structure

The Committee reviewed the remuneration for the Senior Executive team and determined that it should incorporate a mix of salary, benefits along with participation in a short term bonus schemes and the Long Term Incentive Programme (LTIP).

Bonus scheme for senior management

The Committee agreed a short-term incentive program for the 2020 financial year through which the senior management team could earn up to 50% of their salary based on:

- The achievement of budgeted profit after tax for the year (up to 40% of salary)
- The delivery of targeted number of weeks' inventory being carried at the end of the year (up to 7.5% of salary)
- The delivery of a targeted number of debtors days (up to 2.5% of salary)

Issuing of Awards under The 2013 Long Term Incentive Plan ('the 2013 Plan')

The Committee considered a range of alternative awards that could be issued under the 2013 Long Term Incentive Plan. It recommended that they should take the form of options to purchase ordinary shares in the Company which would vest in three years from the date of grant on meeting the following conditions:

- The employee receiving the award remains in the Group's employment at the conclusion of the vesting period
- The compound annual growth rate in the EPS (as defined in the rules of the 2013 Plan) of Mincon Group PLC for the three years ending 31 December 2023 would be equal to or in excess of 5% plus the average CPI over the same period
- the options will lapse 7 years after the award date

The Remuneration Committee noted that this proposal was in line with the rules and parameters laid out in the 2013 Plan. The Committee and Board approved the adoption of this proposal.

The CEO presented to the Committee a proposal to award Options to subscribe for 3,981,250 Ordinary Shares to 40 employees. The Committee recommended the approval of these awards to the Board. On the 09th April 2020 the Board approved the award of 3,781,250 options to 37 employees and on the 06th May 2020 approved the award of a further 200,000 options to 3 employees. According to the rules of the 2013 Plan the exercise price is deemed to be the closing market price on day before the award. The Exercise price for the options awarded on the 9th of April 2020 was therefore determined to be €0.80 while the Exercise Price for the options awarded on 6th May 2020 was €0.845.

Vesting of 2017 share awards

The Committee considered whether the vesting conditions associated with the 2017 Share awards were met by reviewing calculations prepared by management on the reported earnings for the previous three years. The Committee determined that the criterion for the vesting of 701,922 shares was met and accordingly recommended that the Board approve the issue of a corresponding number of shares.

PERFORMANCE OUTCOME AND REMUNERATION FOR 2020

The Group's performance for 2020 was very good, particularly in light of the difficulties associated with the coronavirus pandemic.

REMUNERATION COMMITTEE REPORT CONTINUED

DIRECTORS' REMUNERATION

Details of individual remuneration of directors are set out in the table below:

NAME	31 DECEMBER 2020					31 DECEMBER 2019				
	SALARY €'000	BONUS €'000	FEES €'000	PENSION €'000	TOTAL €'000	SALARY €'000	BONUS €'000	FEES €'000	PENSION €'000	TOTAL €'000
Non-Executive Chairman Hugh McCullough	-	-	60	-	60	-	-	57	-	57
Non-Executive Director Patrick Purcell	-	-	-	-	-	-	-	30	-	30
Non-Executive Director John Doris	-	-	55	-	55	-	-	55	-	55
Non-Executive Director Paul Lynch	-	-	50	-	50	-	-	4	-	4
Non-Executive Director Jussi Rautiainen	-	-	-	-	-	-	-	46	-	46
Chief Executive Officer Joseph Purcell	200	85	-	29	314	250	-	-	30	280
Regional Executive-Americas Thomas Purcell	204	85	-	27	316	206	55	-	27	288
Total executive and non-executive remuneration	**404**	**170**	**165**	**56**	**795**	**456**	**55**	**192**	**57**	**760**

Evaluation of the Remuneration Committee

The performance of the Committee is evaluated by the Nomination Committee as detailed in the terms of reference (7.1.11) of the Nomination Committee as displayed our corporate website.

On behalf of the Remuneration Committee

Paul Lynch
Chairman of the Remuneration Committee
19 March 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement Of Directors' Responsibilities In Respect Of The Annual Report And The Financial Statements

The directors are responsible for preparing the annual report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules, they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU. The directors have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014.

Under company law the directors must not approve the Group and Parent Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company and of the Group's profit or loss for that year. In preparing each of the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position of the Group and Parent Company and the profit and loss of the Group and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Hugh McCullough
Director
19 March 2021

Joseph Purcell
Director

CORPORATE RESPONSIBITIES

Mincon has a vision to build a sustainable, long-term business. Included in this is a responsibility to take the necessary steps for reducing our carbon footprint by through environmentally-friendly practices and advancements in the products that we develop and manufacture.

The process of rock drilling is extremely energy-intensive and Mincon's meets this challenge by designing and manufacturing highly efficient rock-drilling solutions to make the most of the planet's limited natural resources. Mincon's rock-drilling solutions offer ongoing savings for fuel and energy, rather than single, one-time savings. Additionally, Mincon's solutions are increasingly being used for the installation of environmentally friendly geothermal energy systems. This emphasis on efficiency and sustainability will also give Mincon a business advantage as our customers start favouring suppliers that can help reduce their own carbon emissions.

In our own business practices Mincon's environmental policy comprises three pillars: energy management, waste management, and sustainable practices.

ENERGY MANAGEMENT

Mincon is committed to responsible energy management and the Group practices energy-efficient thinking throughout the enterprise. This includes the use of reliable sources of energy and water to sustain our activities, with the aim to procure and manage these supplies in the most cost-effective manner.

Mincon's energy management policy includes a Carbon Disclosure Project (CDP) – an EU initiative for businesses to declare their energy usage and associated carbon dioxide emissions. As part of this, Mincon has implemented, and continues to implement, solutions for measuring and monitoring all forms of energy usage – gas, oil, diesel, petrol, and electricity – and reporting these performance indicators at regular intervals. The outcome of this is to reduce carbon dioxide emissions, comply with environmental legislation, and improve cost-effectiveness.

The CDP will help identify trends and areas where investments can be made to allow a more efficient use of energy. Successful measures and technologies will be shared with other businesses in the Group for implementation, where possible, to reach the Group-wide goal of reducing emissions and energy consumption.

Potential solutions for energy optimisation are continuously being evaluated by Mincon facilities, in conjunction with independent suppliers. Solutions under consideration include heat-treatment equipment that will help reduce reliance on natural gas as a fuel source, which will bring a commensurate reduction in carbon dioxide emissions. In areas where it is feasible, heat reclamation technologies are being considered to harvest wasted energy from the heat-treatment process and use it for heating water in facilities. Investigations are also underway to determine the possibility of installing solar panels at sites that have the available space, thus reducing the reliance on a grid that may use fossil fuels for electricity generation.

Solutions and innovations that yield positive results will be shared with all businesses in the Group to encourage investment that will lead to lower emissions and ongoing savings in the future. This will be done in conjunction with guidelines for ISO certification and environmental legislation that applies in each country where Mincon has a local presence.

As with Mincon's product engineering, our energy consumption efforts will be subject to an ethos of continuous improvement, with the eventual goal of achieving a carbon-neutral status. The value of these investments will be realised through ongoing, long-term savings for the Group, and a reputation as a responsible business with a mindset for sustainability.

WASTE MANAGEMENT

Mincon's factories actively reclaim and recycle waste material generated during manufacturing. Additionally, our global network of service centres have procedures for recycling or safely disposing of waste. Recycled materials include, but are not limited to scrap metal, swarf, offcuts, lubricating oils, cutting fluids, and solid oily waste. Recycling and collection is done in conjunction with certified local recyclers and waste-management experts.

Wood, cardboard, and office wastepaper are also recycled. Efforts have been made to reduce single-use packaging. In instances where Mincon products are shipped in crates, the wood is recycled or provided to local communities to be repurposed.

Electronic waste, including unused computers, printers, batteries, and consumables, are also recycled in conjunction with local recyclers or council-provided facilities (in the case of jurisdictions where disposal fees are included in taxes or the purchase price).

SUSTAINABLE PRACTICES

Mincon educates employees about the importance of the planet's limited resources, to foster a culture of sustainability and environmentally friendly practices. Employees are encouraged to be vigilant about the environment and are given opportunities to present improvements that can be made for the benefit of the business or local communities.

The result of this is seen at Mincon offices around the world, where consideration is given to using low-energy lighting and appliances; plants that require less water in arid climates; participation in recycling initiatives; the use of environmentally friendly alternatives; products that have less single-use plastics; and consumption of food and/or drinks that result in compostable organic waste.

Where possible, products are manufactured as close as possible to customer operations, thus reducing or avoiding carbon emissions for the transport of those products. The Group strives to partner with suppliers that share our values when it comes to sustainable practices, and this includes working with low-carbon logistics providers.

HUMAN RIGHTS POLICY

Mincon's Board of Directors, CEO, and Senior Management teams are committed to ensuring all Mincon businesses respect human rights throughout their operations.

Mincon's human rights policy is modelled on the UN guiding principles for business and human rights. We provide all the basic needs to our employees as set out in these guidelines. Additionally, Mincon's commitment to human rights extends to dealings with suppliers, who are critical to the success of the business. Mincon endeavours to ensure that products and services provided by suppliers are ethically sourced and do not breach human rights laws in the countries in which they originate. This will be achieved through intense scrutiny of the ethical and moral values of potential new suppliers.

We are committed to operating our businesses in compliance with all applicable laws, to respect human rights and to conduct business in an honest, open, and ethical manner. We expect employees to comply with all relevant laws relating to human rights wherever we operate, and to abide by Mincon's human rights policy. Trust and respect in all business dealings are core values that the Group upholds.

Mincon's regional and country managers have been entrusted to respect the local communities and to abide by the company's values. Each manager will ensure that their business, and by extension, Mincon, is not in breach of local or national regulations and laws. Those employees found to be in breach of these regulations and laws will face disciplinary action, while corrective measures will be implemented.

CORPORATE RESPONSIBITIES
CONTINUED

EMPLOYEES

Mincon realises the value of honest and trustworthy employees. Creating a safe and positive work environment for our employees is a high priority across the Mincon Group. Employees are treated with dignity and respect. The resulting employee morale and work ethic is evident in the important business metrics that we use to report on the success of the Group.

We are committed to developing the skills of our employees. Many of our manufacturing facilities engage in co-operative learning programs with universities and colleges. Mincon invests time and finances in developing undergraduates and postgraduates, benefiting both the participants and the Group.

As the Group grows, we strive to communicate efficiently with our employees on an international level. A quarterly company newsletter is published to update employees on all aspects of the business, both operational and commercial. Regular meetings are also used to update our employees on important developments within the Group.

During the COVID-19 pandemic, the Group took extraordinary measures to provide a safe and healthy workplace for employees. Investments were made in sanitation, procedures, and technologies to lower the risk of virus transmission in the workplace. Business continuity processes were developed and rolled out at certain offices to mitigate health risks and ensure ongoing operations.

Additionally, Mincon accommodated the requirements of employees considered to be high-risk, as well as those who were unable to perform their duties due to restrictions imposed by health authorities. Investments have also been made to accommodate work-from-home arrangements for office employees during the pandemic, reducing footfall and lowering risk for essential staff.

Consideration will be given to a formal remote-working policy that extends beyond the pandemic. Mincon Group strives to be a progressive employer that is willing to embrace change and use technology that enables the workforce regardless of physical location.

Mincon is committed to complying with all labour laws in the countries that it operates. Policies have been developed to include:

- Induction programs for new employees
- Working conditions
- Hours of work & overtime
- Breaks and rest periods
- Health and safety policies
- Accident reporting & first aid
- Use of personal protective equipment
- Smoke-free workplace
- Alcohol and drug free workplaces

We are committed to equality of opportunity for existing and potential employees and to creating a workplace which provides for:

- Equal opportunities for all staff and potential staff and where their dignity is protected and respected at all times
- All persons regardless of gender, civil status, family status, race, religious beliefs, sexual orientation, disability, age, or ethnic minorities will be provided with equality of access to employment. All persons will be encouraged and assisted to achieve their full potential. We will continue with a culture of equality right through our businesses

We aim to ensure that no job applicant or employee receives less favourable treatment on any grounds which cannot be shown to be justified. This applies to recruitment and selection, training, promotion, pay and employee benefits, employee grievances, discipline procedures and all terms and conditions of employment.

We select those suitable for employment solely based on merit. Any job advertisements, application forms and publicity material will encourage applications from all suitable candidates and will not discriminate against any group or individual on any unjustifiable grounds. The objective is to ensure that all candidates have equality of access to all job vacancies.

We place considerable emphasis on Health and Safety matters. We undertake our business in a manner that will ensure the safety, health, and welfare of all our employees, visitors, and the public. This commitment is in accordance with applicable Environmental Health and Safety legislation.

We are committed to providing a safe and secure working environment that is free from all forms of harassment and bullying. We have set a standard for all members of staff to be treated with the utmost levels of dignity and respect. Mincon is committed to the implementation of all necessary measures required to protect the dignity of employees and to encourage respect in the workplace. We achieve this by implementing effective procedures to deal with any complaints of such conduct as it may arise.

CORRUPTION AND BRIBERY ISSUES

We are committed to continuously operating our business with integrity and being accountable for our actions. We maintain a strict stance against bribery and corruption across all our businesses. Our internal control structures are designed to mitigate reputational risk and to assist in preventing any potential corruption and bribery. We consistently review and assess the robustness of our internal controls to further strengthen our business.

Corruption is dishonest and illegal behaviour by those in a position of trust in order to gain an undue advantage. The risks of corruption are not always obvious, therefore we inform our employees how corruption and bribery may occur through our corruption and bribery policy.

Corruption and bribery issues are the responsibility of our Executive Management team. Once a claim is made, the Executive Management team will respond to the allegation within a reasonable length of time and an investigation will begin. Such an investigation may include internal reviews or reviews by external lawyers, accountants or an appropriate external body. If the claim of malpractice or misconduct is substantiated, appropriate disciplinary action will be taken against the responsible individuals.

Our whistleblowing policy exists to enable all staff across our Group to feel confident that they can expose wrongdoing without any risk to themselves. Mincon will not tolerate malpractice and attaches extreme importance to identifying and remedying any issues in relation to corruption or bribery.

GROUP FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

SEPARATE FINANCIAL STATEMENTS OF THE COMPANY

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINCON GROUP PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Mincon Group plc ('the Company') and its consolidated undertakings ('the Group') for the year ended 31 December 2020 set out on pages 71 to 119, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows, and related notes, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to listed entities.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We evaluated the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting. In our evaluation of the directors' conclusions, we used our knowledge of the Group and Company, its industry and general economic environment to identify the inherent risks to the business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group and Company's available financial resources over this period were availability of funding and liquidity in the event of an industry wide decline in trade due to continuing effects of the COVID-19 pandemic on the business.

We also considered less predictable but realistic second order impacts that could affect demand in the Company's markets, such as the impact of COVID-19 on the Group's results and operations, from risks related to interruptions in raw materials supply, interruptions in end user markets through work stoppages or shipping difficulties or interruptions in manufacturing capacity caused by a potential outbreak of infection in one or more plants with consequent material adverse effect on the Group's revenue.

We also considered whether the going concern disclosure in note 2 of the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and dependencies.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or Company's ability to continue as a going concern for the going concern period; and
- we found the significant assumptions associated with the use of the going concern basis of accounting, outlined in the disclosure in note 2, to be acceptable.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Revenue recognition: Cut off (2020: €129.9 million; 2019: €123.7 million)

Refer to page 77 (accounting policy) and page 85 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
Revenue of €129.9 million was recognised for the year ended 31 December 2020 (2019: €123.7 million). There is a significant risk that revenue may be recognised in an incorrect period as a result of management accelerating revenue recognition to overstate current year operating results. The Group's standard policy is to recognise revenue on shipment of inventory or collection of inventories by customer. As a consequence, some revenue arrangements have a cut-off risk at period end.	The procedures that we performed, among others, to assess the appropriateness of revenue recognition, included: • We obtained and documented our understanding of the revenue recognition process and evaluated the design and implementation of key control therein. • We agreed a sample of deliveries occurring near 31 December 2020 to supporting documentation to ensure transactions were recorded in the correct period. • We agreed a sample of sales transactions to proof of delivery documentation to ensure that they were complete and accurate. • We inquired with management the basis for determining the point of sale for material deliveries near year-end. • We assessed whether the related disclosures in the financial statements are appropriate. • We requested that component auditors perform similar procedures as outlined above. Based on the results of our testing we considered that the policies applied to revenue recognition are reasonable, and we did not identify any material misstatements. We found the disclosures in respect of revenue to be appropriate.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Valuation of Intangible assets and Goodwill (2020: €36.9 million; 2019: €31.9 million)

Refer to page 80 (accounting policy) and page 95 to 96 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
Intangible assets and Goodwill of €36.9 million were recognised as at 31 December 2020 (2019: €31.9 million). An annual impairment test was performed in respect of goodwill and intangible assets at 31 December 2020. Conducting an impairment test to determine whether the carrying amount of assets is recoverable is complex and judgemental and involves significant assumptions around revenue forecasts, EBITDA margin, WACC and terminal values.	The procedures that we performed, among others, to assess the appropriateness of the carrying value of intangibles and goodwill, included: • We obtained an understanding of the process and perceived risks over the valuation of intangibles and goodwill and tested the design and implementation of the key controls over the valuation of intangibles and goodwill. • We obtained and critically assessed the impairment models and the supporting documentation prepared by management regarding the recoverability of both the intangibles related to product development and the Goodwill held on balance sheet at year end. • With the support our specialist, we considered the significant underlying assumptions and checked the mathematical accuracy of the model. We performed a number of stress tests to assess the sensitivity of the model to changes in significant assumptions and the resulting impact on headroom. • We evaluated the significant assumptions by reference to past performance and discussions with management. • We reviewed the appropriateness of the accounting treatment of recognition of intangibles and adequacy of the disclosures in line with accounting requirements. Based on the results of our testing we considered that the policies applied to valuation of intangibles and goodwill are reasonable. We found that management's significant judgements were appropriate and supported by reasonable assumptions, and we did not identify any material misstatements. We found the disclosures to be adequate in providing an understanding of the basis of the impairment assessment.

The key audit matter impacting the parent company

Investment in subsidiary undertakings (2020: €67.2 million; 2019: €51.5 million)

Refer to page 82 (accounting policy) and page 119 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The investment in subsidiary undertakings is carried by the Company at cost less impairment. There is a risk in respect of the carrying value of these investments if future cash flows and performance of these subsidiaries is not sufficient to support the Company's investment. This area has been identified as a key audit matter due to the significance of the balance to the Company.	Our audit procedures in this area included: • We obtained and documented the process surrounding impairment considerations and tested the design and implementation of the relevant key controls therein. • We considered management's assessment of impairment indicators. • We compared the carrying value of investments to the net assets of the subsidiary companies. We found management's assessment of the carrying value of the investment in subsidiary undertakings and related disclosures to be appropriate, and we did not identify any material misstatements.

Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at €0.8 million (2019: €0.7 million). This has been calculated using a benchmark of Group profit before taxation, from continuing operations (of which it represents 5% (2019: 5%)), which we have determined, in our professional judgement, to be one of the principal financial benchmarks relevant to members of the Group in assessing financial performance.

Materiality for the parent company financial statements as a whole was set at €0.8 million (2019: €0.8 million), determined with reference to a benchmark of total assets, of which it represents 0.8%.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of €40,000 (2019: €33,500), in addition to other audit misstatements below that threshold that we believe warrant reporting on qualitative grounds.

Of the Group's 43 (2019: 42) reporting components, we subjected 11 (2019: 13) to full scope audits for Group purposes. An additional 2 components (2019: 3) were subjected to account balance testing in order to provide sufficient coverage over the Group's key financial statement lines. In addition, we conducted reviews of financial information (including inquiry) for all remaining non-significant components. The components for which we performed a review of financial information (including inquiry) were not individually significant enough to require an audit for Group reporting purposes but a review was performed to provide further coverage over the Group's results. The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the materiality for components which ranged from €130,000 to €450,000, having regard to the mix of size and risk profile of the Group across the components. The Group team held telephone and video conference meetings with all component auditors to assess the audit risk and strategy.

Other information

The directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Corporate Profile, Chairman's Statement, Chief Executive Officer's Review, Strategy of the Group, Chief Financial Officer's Review, Board of Directors, Key Management, Directors' Report, Directors' Statement on Corporate Governance, Audit Committee Report, Nominations Committee Report, Remuneration Committee Report, Statement of Directors' Responsibilities and Corporate Responsibility.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that:
- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Our opinions on other matters prescribed the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company's financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made
- the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 December 2020 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out on page 59, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at ***http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for.***

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Caroline Flynn

for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place, St Stephen's Green, Dublin, Ireland

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Notes	2020 €'000	2019 Excluding exceptional items €'000	2019 Exceptional items (Note 8) €'000	2019 Including exceptional items €'000
Continuing operations					
Revenue	4	129,903	120,671	3,074	123,745
Cost of sales	6	(84,186)	(80,158)	(2,489)	(82,647)
Gross profit		**45,717**	**40,513**	**585**	**41,098**
Operating costs	6	(27,468)	(28,703)	(5,113)	(33,816)
Operating profit		**18,249**	**11,810**	**(4,528)**	**7,282**
Finance costs		(857)	(582)	-	(582)
Finance income		42	107	-	107
Foreign exchange loss		(376)	(130)	-	(130)
FV movement on deferred consideration	23	11	10	-	10
Profit on disposal of operations		-	-	7,489	7,489
Profit before tax		**17,069**	**11,215**	**2,961**	**14,176**
Income tax expense	11	(2,683)	(1,666)	(127)	(1,793)
Profit for the period		**14,386**	**9,549**	**2,834**	**12,383**
Profit attributable to:					
- owners of the Parent		14,221			12,329
- non-controlling interests	19	165			54
Earnings per Ordinary Share					
Basic earnings per share	21	6.72			5.84c
Diluted earnings per share	21	6.57			5.80c

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 €'000	2019 €'000
Profit for the year	**14,386**	**12,383**
Other comprehensive loss		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation – foreign operations	(4,165)	2,153
Other	156	(1,092)
Other comprehensive (expense)/income for the year	(4,009)	1,061
Total comprehensive income for the year	**10,377**	**13,444**
Total comprehensive income attributable to:		
- owners of the Parent	**10,212**	**13,390**
- non-controlling interests	**165**	**54**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 €'000	2019 €'000
Non-Current Assets			
Intangible assets and goodwill	12	36,987	31,937
Property, plant and equipment	13	45,820	41,172
Deferred tax asset	11	1,093	616
Total Non-Current Assets		**83,900**	**73,725**
Current Assets			
Inventory and capital equipment	14	53,017	48,590
Trade and other receivables	15a	20,640	20,346
Prepayments and other current assets	15b	4,186	6,098
Current tax asset		311	589
Cash and cash equivalents	23	17,045	16,368
Total Current Assets		**95,199**	**91,991**
Total Assets		**179,099**	**165,716**
Equity			
Ordinary share capital	20	2,117	2,110
Share premium	20	67,647	67,647
Undenominated capital		39	39
Merger reserve	20	(17,393)	(17,393)
Share-based payment reserve	22	2,259	1,629
Foreign currency translation reserve		(8,033)	(3,868)
Retained earnings		86,300	74,865
Equity attributable to owners of Mincon Group plc		**132,936**	**125,029**
Non-controlling interests		-	1,115
Total Equity		**132,936**	**126,144**
Non-Current Liabilities			
Loans and borrowings	18	14,789	10,879
Deferred tax liability	11	1,832	1,794
Deferred contingent consideration	23	4,723	4,962
Other liabilities		503	153
Total Non-Current Liabilities		**21,847**	**17,788**
Current Liabilities			
Loans and borrowings	18	6,822	4,043
Trade and other payables	16	10,457	10,853
Accrued and other liabilities	16	5,529	5,827
Current tax liability		1,508	1,061
Total Current Liabilities		**24,316**	**21,784**
Total Liabilities		**46,163**	**39,572**
Total Equity and Liabilities		**179,099**	**165,716**

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Hugh McCullough Chairman

Joseph Purcell Chief Executive Officer

19 March 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 €'000	2019 €'000
Operating activities:			
Profit for the period		14,386	12,383
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation	13	6,482	5,242
Fair value movement on deferred contingent consideration		(11)	(10)
Gain on sale of operations, net of tax		-	(7,489)
Finance cost		857	582
Finance income		(42)	(107)
Loss on sale of property, plant and equipment		18	-
Income tax expense		2,683	1,793
NCI movement in equity		720	-
Other non-cash movements		372	209
		25,465	**12,603**
Changes in trade and other receivables		919	1,037
Changes in prepayments and other assets		1,209	1,873
Changes in inventory		(3,228)	1,050
Changes in trade and other payables		(1,812)	(1,865)
Cash provided by operations		22,553	14,698
Interest received		42	107
Interest paid		(857)	(582)
Income taxes paid		(2,389)	(1,713)
Net cash provided by operating activities		**19,349**	**12,510**
Investing activities			
Purchase of property, plant and equipment		(7,222)	(7,930)
Proceeds from the sale of property, plant and equipment		331	-
Investment in intangible assets		(1,065)	(1,405)
Proceeds from the issuance of share capital		7	5
Acquisitions of subsidiary, net of cash acquired		(7,156)	(770)
Purchase of NCI		(1,000)	-
Payment of deferred contingent consideration		(2,460)	(1,600)
Proceeds from the sale of subsidiaries		706	8,517
Proceeds from former joint venture investments		-	-
Net cash used in investing activities		**(17,859)**	**(3,183)**
Financing activities			
Dividends paid		(2,222)	(4,426)
Repayment of loans and finance leases	18	(4,991)	(2,778)
Drawdown of loans	18	6,622	6,182
Net cash used in financing activities		**(591)**	**(1,022)**
Effect of foreign exchange rate changes on cash		(222)	21
Net increase in cash and cash equivalents		**677**	**8,326**
Cash and cash equivalents at the beginning of the year		16,368	8,042
Cash and cash equivalents at the end of the year		**17,045**	**16,368**

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital €'000	Share premium €'000	Merger reserve €'000	Un-denominated capital €'000	Share based payment reserve €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balances at 1 January 2019	**2,105**	**67,647**	**(17,393)**	**39**	**1,274**	**(6,021)**	**68,054**	**115,705**	**1,061**	**116,766**
Comprehensive income:										
Profit for the year	-	-	-	-	-	-	12,329	12,329	54	12,383
Other comprehensive income/(loss):										
Foreign currency translation	-	-	-	-	-	2,153	-	2,153	-	2,153
Other	-	-	-	-	-	-	(1,092)	(1,092)	-	(1,092)
Total comprehensive income						**2,153**	**11,237**	**13,390**	**54**	**13,444**
Transactions with Shareholders:										
Equity-settled share-based payments	5	-	-	-	-	-	-	5	-	5
Share-based payments	-	-	-	-	355	-	-	355	-	355
Dividends	-	-	-	-	-	-	(4,426)	(4,426)	-	(4,426)
Balances at 31 December 2019	**2,110**	**67,647**	**(17,393)**	**39**	**1,629**	**(3,868)**	**74,865**	**125,029**	**1,115**	**126,144**
Comprehensive income:										
Profit for the year	-	-	-	-	-	-	14,221	14,221	165	14,386
Other comprehensive income/(loss):										
Foreign currency translation	-	-	-	-	-	(4,165)	-	(4,165)	-	(4,165)
Other						-	156	156	-	156
Total comprehensive income						**(4,165)**	**14,377**	**10,212**	**165**	**10,377**
Transactions with Shareholders:										
Equity-settled share-based payments	7	-	-	-	-	-	-	7	-	7
Share-based payments	-	-	-	-	630	-	-	630	-	630
Dividends	-	-	-	-	-	-	(2,222)	(2,222)	-	(2,222)
Acquisition of non-Controlling Interest without a change in control (note 19)	-	-	-	-	-	-	(720)	(720)	(1,280)	(2,000)
Balances at 31 December 2020	**2,117**	**67,647**	**(17,393)**	**39**	**2,259**	**(8,033)**	**86,300**	**132,936**	**-**	**132,936**

The accompanying notes are an integral part of these financial statements. See note 20 for explanation of movements in reserve balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

The consolidated financial statements of Mincon Group Plc (also referred to as "Mincon" or "the Group") comprises the Company and its subsidiaries (together referred to as "the Group"). The companies registered address is Smithstown Industrial Estate, Smithstown, Shannon, Co. Clare, Ireland.

The Group is an Irish engineering Group, specialising in the design, manufacturing, sale and servicing of rock drilling tools and associated products. Mincon Group Plc is domiciled in Shannon, Ireland.

On 26 November 2013, Mincon Group plc was admitted to trading on the Enterprise Securities Market (ESM) of the Euronext Dublin and the Alternative Investment Market (AIM) of the London Stock Exchange.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and endorsed by the EU.

The individual financial statements of the Company have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Act 2014 which permit a company that publishes its Group and Company financial statements together to take advantage of the exemption in Section 304 of the Companies Act 2014 from presenting to its members its Company income statement, statement of comprehensive income and related notes that form part of the approved Company financial statements.

The accounting policies set out in note 3 have been applied consistently in preparing the Group and Company financial statements for the years ended 31 December 2020 and 31 December 2019.

The Group and Company financial statements are presented in euro, which is the functional currency of the Company and also the presentation currency for the Group's financial reporting. Unless otherwise indicated, the amounts are presented in thousands of euro. These financial statements are prepared on the historical cost basis.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results could differ materially from these estimates. The areas involving a high degree of judgement and the areas where estimates and assumptions are critical to the consolidated financial statements are discussed in note 3.

The directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to continue to prepare our consolidated financial statements on a going concern basis.

3. SIGNIFICANT ACCOUNTING PRINCIPLES, ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting principles as set out in the following paragraphs have, unless otherwise stated, been consistently applied to all periods presented in the consolidated financial statements and for all entities included in the consolidated financial statements. The Group has initially adopted Definition of a Business (Amendments to IFRS 3) and it has not had a significant impact on the Groups financial statements.

The Group applied Definitions of a Business (Amendments to IFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. See Note 9 for the details of the Groups acquisitions of subsidiary during the year.

Revenue Recognition

The Group is involved in the sale and servicing of rock drilling tools and associated products. Revenue from the sale of these goods and services to customers is measured at the fair value of the consideration received or receivable (excluding sales taxes). The Group recognises revenue when it transfers control of goods to a customer.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Customers obtain control of products when one of the following conditions are satisfied:

1. The goods have been picked up by the customer from Mincon's premises.
2. When goods have been shipped by Mincon, the goods are delivered to the customer and have been accepted at their premises.

Invoices are generated when the above conditions are satisfied. Invoices are payable within the timeframe as set in agreement with the customer at the point of placing the order of the product. Discounts are provided from time-to-time to customers.

Customers may be permitted to return goods where issues are identified with regard to quality of the product. Returned goods are exchanged only for new goods or a credit note. No cash refunds are offered.

Where the customer is permitted to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of product. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.

Government Grants

Amounts recognised in the profit and loss account are presented under the heading Operating Costs on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it is receivable.

Earnings per share

Basic earnings per share is calculated based on the profit for the year attributable to owners of the Company and the basic weighted average number of shares outstanding. Diluted earnings per share is calcu¬lated based on the profit for the year attributable to owners of the Company and the diluted weighted average number of shares outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. SIGNIFICANT ACCOUNTING PRINCIPLES, ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Taxation

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the 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 related 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 related 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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. SIGNIFICANT ACCOUNTING PRINCIPLES, ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Inventories and capital equipment

Inventories and capital equipment are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in, first-out principle and includes the costs of acquiring inventories and bringing them to their existing location and condition. Inventories manufactured by the Group and work in progress include an appropriate share of production overheads based on normal operating capacity. Inventories are reported net of deductions for obsolescence.

Intangible Assets and Goodwill

Goodwill

The Group accounts for acquisitions using the purchase accounting method as outlined in IFRS 3 Business Combinations. Group management has determined that the Group has one operating segment and therefore all goodwill is tested for impairment at Group level and this is tested for impairment annually.

Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

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.

Foreign Currency

Foreign currency transactions

Transactions in foreign currencies (those which are denominated in a currency other than the functional currency) are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the foreign exchange rate at the statement of financial position date. Exchange gains and losses related to trade receivables and payables, other financial assets and payables, and other operating receivables and payables are separately presented on the face of the income statement.

Exchange rate differences on translation to functional currency are reported in profit or loss, except when reported in other comprehensive income for the translation of intra-group receivables from, or liabilities to, a foreign operation that in substance is part of the net investment in the foreign operation.

Exchange rates for major currencies used in the various reporting periods are shown in note 23.

Translation of accounts of foreign entities

The assets and liabilities of foreign entities, including goodwill and fair value adjustments arising on consolidation, are translated to euro at the exchange rates ruling at the reporting date. Revenues, expenses, gains, and losses are translated at average exchange rates, when these approximate the exchange rate for the respective transaction. Foreign exchange differences arising on translation of foreign entities are recognised in other comprehensive income and are accumulated in a separate component of equity as a translation reserve. On divestment of foreign entities, the accumulated exchange differences, are recycled through profit or loss, increasing or decreasing the profit or loss on divestments.

Business combinations and consolidation

The consolidated financial statements include the financial statements of the Group and all companies in which Mincon Group plc, directly or indirectly, has control. 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.

The consolidated financial statements have been prepared in accordance with the acquisition method. According to this method, business combinations are seen as if the Group directly acquires the assets and assumes the liabilities of the entity acquired. At the acquisition date, i.e. the date on which control is obtained, each identifiable asset acquired and liability assumed is recognised at its acquisition-date fair value.

Consideration transferred is measured at its fair value. It includes the sum of the acquisition date fair values of the assets transferred, liabilities incurred to the previous owners of the acquiree, and equity interests issued by the Group. Deferred contingent consideration is initially measured at its acquisition-date fair value. Any subsequent change in such fair value is recognised in profit or loss, unless the deferred contingent consideration is classified as equity. In that case, there is no remeasurement and the subsequent settlement is accounted for within equity. Deferred contingent consideration arises in the current year where part payment for an acquisition is deferred to the following year or years.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

Goodwill is measured as the excess of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of acquisition-date fair values of the identifiable assets acquired and liabilities assumed. Goodwill is not amortised but tested for impairment at least annually.

Non-controlling interest is initially measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. This means that goodwill is either recorded in "full" (on the total acquired net assets) or in "part" (only on the Group's share of net assets). The choice of measurement basis is made on an acquisition-by-acquisition basis.

Earnings from the acquirees are reported in the consolidated income statement from the date of control.

Intra-group balances and transactions such as income, expenses and dividends are eliminated in preparing the consolidated financial statements. Profits and losses resulting from intra-group transactions that are recognised in assets, such as inventory, are eliminated in full, but losses are only eliminated to the extent that there is no evidence of impairment.

Property, plant and equipment

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost of an item of property, plant and equipment comprises the purchase price, import duties, and any cost directly attributable to bringing the asset to its location and condition for use. The Group capitalises costs on initial recognition and on replacement of significant parts of property, plant and equipment, if it is probable that the future economic benefits embodied will flow to the Group and the cost can be measured reliably. All other costs are recognised as an expense in profit or loss when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. SIGNIFICANT ACCOUNTING PRINCIPLES, ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Depreciation
Depreciation is calculated based on cost using the straight-line method over the estimated useful life of the asset. The following useful lives are used for depreciation:

	Years
Buildings	20–30
Plant and equipment	3–10

The depreciation methods, useful lives and residual values are reassessed annually. Land is not depreciated.

Right of use assets are depreciated using the straight-line method over the estimated useful life of the asset being the remaining duration of the lease from inception date of the asset. The depreciation methods, useful lives and residual values are reassessed annually.

Financial Assets and Liabilities

Recognition and derecognition
Financial assets and liabilities are recognised at fair value when the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are accounted for at trade date, which is the day when the Group contractually commits to acquire or dispose of the assets. Trade receivables are recognised on delivery of product. Liabilities are recognised when the other party has performed and there is a contractual obligation to pay. Derecognition (fully or partially) of a financial asset occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been removed from the Group. The Group derecognises (fully or partially) a financial liability when the obligation specified in the contract is discharged or otherwise expires. A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or when appropriate a shorter period, to the net carrying amount of the financial asset or financial liability. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Borrowing costs
All borrowing costs are expensed in accordance with the effective interest rate method.

Investments in subsidiaries - Company
Investments in subsidiary undertakings are stated at cost less provision for impairment in the Company's statement of financial position. Loans to subsidiary undertakings are initially recorded at fair value in the Company statement of financial position and subsequently at amortised cost using an effective interest rate methodology.

Impairment of financial assets
Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Equity
Shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effect.

Contingent liabilities
A contingent liability is a possible obligation or a present obligation that arises from past events that is not reported as a liability or provision, as it is not probable that an outflow of resources will be required to settle the obligation or that a sufficiently reliable calculation of the amount cannot be made.

Financial instruments carried at fair value: Non-derivative financial liabilities
Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Finance income and expenses
Finance income and expense are included in profit or loss using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less.

Provisions
A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the outflow can be estimated reliably. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or been announced publicly. Future operating losses are not provided for.

Exceptional Items
The Group has adopted an Income Statement format which seeks to highlight significant items within the Group results for the year. Exceptional items may include restructuring, profit or loss on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, profit or loss on disposal of property, plant and equipment, acquisition costs, adjustment to contingent consideration and impairment of assets relating to significant transactions. Judgement is used by the Group in assessing particular items, which by virtue of their scale and nature, should be presented in the Income Statements and disclosed in the related notes as exceptional items.

Defined contribution plans
A defined contribution retirement benefit plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution retirement benefit plans are recognised as an employee benefit expense in profit or loss when employees provide services entitling them to the contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3. SIGNIFICANT ACCOUNTING PRINCIPLES, ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Share-based payment transactions

The Group operates a long term incentive plan which allows the Company to grant Restricted Share Awards ("RSAs") to executive directors and senior management. All schemes are equity settled arrangements under IFRS 2 Share-based Payment.

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Critical accounting estimates and judgements

The preparation of financial statements requires management's judgement and the use of estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the prevailing circumstances. Actual results may differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which they are revised and in any future periods affected.

Following are the estimates and judgements which, in the opinion of management, are significant to the underlying amounts included in the financial reports and for which there is a significant risk that future events or new information could entail a change in those estimates or judgements.

Deferred contingent consideration

The deferred contingent consideration payable represents management's best estimate of the fair value of the amounts that will be payable, discounted as appropriate using a market interest rate. The fair value was estimated by assigning probabilities, based on management's current expectations, to the potential pay-out scenarios. The fair value of deferred contingent consideration is primarily dependent on the future performance of the acquired businesses against predetermined targets and on management's current expectations thereof.

Goodwill

The initial recognition of goodwill represents management' best estimate of the fair value of the acquired entities value less the identified assets acquired.

During the annual impairment assessment over goodwill, management calculate the recoverable value of the group using their best estimate of the discounted future cash flows of the group. The fair values were estimated using management's current and future projections of the Mincon Group's performance as well as appropriate data inputs and assumptions.

Trade and other receivables

Trade and other receivables are included in current assets, except for those with maturities more than 12 months after the reporting date, which are classified as non-current assets. The Group estimates the risk that receivables will not be paid and provides for doubtful debts in line with IFRS 9.

4. REVENUE

In the following table, revenue is disaggregated between Mincon manufactured product and product that is purchased outside the Group and resold through Mincon distribution channels.

	2020 €'000	2019 €'000
Product revenue:		
Sale of Mincon product	108,556	103,797
Sale of third-party product	21,347	19,948
Total revenue	**129,903**	**123,745**

5. OPERATING SEGMENT

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, and for which discrete financial information is available. The operating results of the operating segment is reviewed regularly by the Board of Directors, the chief operating decision maker, to make decisions about allocation of resources and also to assess performance.

Results are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Our CODM has been identified as the Board of Directors.

The Group has determined that it has one reportable segment. The Group is managed as a single business unit that sells drilling equipment, primarily manufactured by Mincon manufacturing sites.

The CODM assesses operating segment performance based on a measure of operating profit. Segment revenue for the year ended 31 December 2020 of €129.9million (2019: €123.7 million) is wholly derived from sales to external customers.

Entity-wide disclosures

The business is managed on a worldwide basis but operates manufacturing facilities and sales offices in Ireland, UK, Sweden, Finland, South Africa, Western Australia, the United States and Canada and sales offices in nine other locations including Eastern Australia, South Africa, France, Spain, Namibia, Sweden, Chile and Peru. In presenting information on geography, revenue is based on the geographical location of customers and non-current assets based on the location of these assets.

Revenue by region (by location of customers):

	2020 €'000	2019 €'000
Region:		
Ireland	1,487	772
Americas	43,640	39,410
Australasia	24,754	27,351
Europe, Middle East, Africa	60,022	56,212
Total revenue from continuing operations	**129,903**	**123,745**

During 2020 Mincon had sales in the USA of €24.7 million (2019: €20.8 million), Australia of €14.6 million (2019: €18.5 million) and Sweden of €13.5 million (2019: €12.8 million), these separately contributed to more than 10% of the entire Group's sales for 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. OPERATING SEGMENT (CONTINUED)

Non-current assets by region (location of assets):

	2020 €'000	2019 €'000
Region:		
Ireland	18,315	17,064
Americas	11,310	21,846
Australasia	11,338	11,144
Europe, Middle East, Africa	41,844	23,055
Total non-current assets[1]	**82,807**	**73,109**

[1] Non-current assets exclude deferred tax assets.

During 2020 Mincon held non-current assets (excluding deferred tax assets) in the USA of €9.4 million, these contributed to more than 10% of the entire Group's non-current assets (excluding deferred tax assets) for 2020.

6. COST OF SALES AND OPERATING EXPENSES

Included within cost of sales and operating costs were the following major components:

Cost of sales

	2020 €'000	2019 €'000
Raw materials	33,913	39,190
Third-party product purchases	16,098	14,204
Employee costs	17,504	14,045
Depreciation (note 13)	4,216	3,312
Distribution costs	3,106	2,380
Energy costs	1,623	1,450
Maintenance of machinery	1,392	1,363
Impairment of finished goods inventory	-	1,692
Cost of sales of disposed operations (note 8)	-	2,489
Subcontracting	4,311	2,102
Other	2,023	420
Total cost of sales	**84,186**	**82,647**

Operating costs

	2020 €'000	2019 €'000
Employee costs (including director emoluments)	17,438	15,899
Depreciation (note 13)	2,266	1,930
Rent	793	865
Travel	775	2,375
Professional costs	1,814	1,938
Administration	2,007	2,247
Marketing	542	886
Salary and termination payments for redundant employees (note 8)	-	2,754
Impairment of trade receivable	-	799
Operating costs of disposed operations (note 8)	-	2,359
Other	1,833	1,764
Total other operating costs	**27,468**	**33,816**

The Group invested approximately €3.7 million on research and development projects in 2020 (2019: €3.2 million). €2.6 million of this has been expensed in the period (2019: €1.8 million), with the balance of €1.1 million capitalised (2019: €1.4 million) (note 12).

The Group recognised €1.3 million in Government Grants in 2020 (2019:NIL). These grants differ in structure from country to country, they primarily relate to personnel costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7. EMPLOYEE INFORMATION

	2020 €'000	2019 €'000
Wages and salaries – excluding directors	28,753	25,088
Wages, salaries, fees and retirement benefit – directors (note 10)	795	760
Salary and termination payments for redundant employees	-	2,754
Social security costs	3,029	2,677
Retirement benefit costs of defined contribution plans	1,735	1,064
Share based payment expense (note 22)	630	355
Total employee costs	**34,942**	**32,698**

The Group capitalised payroll costs of €0.5 million in 2020 (2019: €0.5 million) in relation to research and development.

The average number of employees was as follows:

	2020 Number	2019 Number
Sales and distribution	126	124
General and administration	66	56
Manufacturing, service and development	360	290
Average number of persons employed	**552**	**470**

Retirement benefit and Other Employee Benefit Plans

The Group operates various defined contribution retirement benefit plans. During the year ended 31 December 2020, the Group recorded €1.7 million (2019: €1.1 million) of expense in connection with these plans.

8. EXCEPTIONAL ITEMS

	2020 €'000	2019 €'000
Revenue		
Revenue from disposed operations	-	3,074
Total Revenue	**-**	**3,074**
Cost of sales		
Impairment of capital equipment inventory		-
Cost of sales of disposed operations	-	(2,489)
Total cost of sales	**-**	**(2,489)**
Operating costs		
Salary and termination payments for redundant employees	-	(2,754)
Acquisition related costs	-	-
Operating costs of disposed operations	-	(2,359)
Total operating costs	**-**	**(5,113)**
Tax on disposals and discontinued operations	**-**	**(127)**
Profit on Disposal (note 9)	**-**	**7,489**
Total exceptional profit after tax	-	**2,834**

The Group had undertaken a reorganisation of its activities across all regions during 2019, including relocation of activities, closing of regional offices and redundancies where necessary.

The Group had also disposed of operations in two distribution centres, Mincon Tanzania and Mincon Russia, following a strategic decision to place greater focus and emphasis on the Groups key competencies while focusing on the profitability of the core business activities and growth areas where there are synergies and tangible growth opportunities.

The Group has chosen to present exceptional items separately from the reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9. ACQUISITIONS & DISPOSALS

In January 2020, Mincon acquired 100% shareholding in Lehti Group, a Finnish based product manufacturing and distributing company, for a consideration of €7.7 million. The transaction included a cash consideration of €7 million and deferred consideration of €706,000.

In May 2020, Mincon acquired 100% shareholding in EURL Rocdrill, a French-based construction product distributor and drilling specialist, for a consideration of €1 million. The transaction included a cash consideration of €450,000 and deferred consideration of €550,000.

A. Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

	EURL Rocdrill €'000	Lehti Group €'000	Total €'000
Cash	450	7,000	7,450
Deferred contingent consideration	550	706	1,256
Total consideration transferred	**1,000**	**7,706**	**8,706**

B. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets and liabilities assumed at the date of acquisition.

	Total €'000
Property, plant and equipment	2,637
Right of use assets	3,385
Inventories	3,582
Trade receivables	4,704
Other assets	322
Trade and other payables	(2,022)
Right of use liabilities	(3,385)
Other accruals and liabilities	(5,050)
Fair value of identifiable net assets acquired	**4,173**

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation Technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	Total 2020 €'000	Total 2019 €'000
Consideration transferred	8,706	1,802
Fair value of identifiable net assets	(4,173)	(916)
Goodwill	**4,533**	**886**

C. Profit on Disposal

During 2019 the Group disposed of two subsidiaries in Sweden (Hardtekno and Cebeko) and a distribution subsidiary in South Africa (Premier Drilling Solutions).

	Total 2020 €'000	Total 2019 €'000
Consideration received	-	8,997
Cash and cash equivalents disposed of	-	(480)
Net assets	-	(1,028)
Profit on Disposal	**-**	**7,489**

	Total 2020 €'000	Total 2019 €'000
Profit on disposal of Hardtekno	-	7,551
Profit on disposal of Cebeko	-	106
Profit on disposal of Premier Drilling Solutions	-	98
Cost on disposal	-	(266)
Profit on Disposal	**-**	**7,489**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10. STATUTORY AND OTHER REQUIRED DISCLOSURES

Operating profit is stated after charging the following amounts:

	2020 €'000	2019 €'000
Directors' remuneration		
Fees	165	192
Wages and salaries	574	511
Other emoluments	-	-
Retirement benefit contributions	56	57
Total directors' remuneration	**795**	**760**

Auditor's remuneration

	2020 €'000	2019 €'000
Auditor's remuneration – Fees payable to lead audit firm		
Audit of the Group financial statements	205	195
Audit of the Company financial statements	15	15
Other assurance services	20	20
Tax advisory services (a)	-	-
Other non-audit services	-	2
	240	**232**
Auditor's remuneration – Fees payable to other firms in lead audit firm's network		
Audit services	112	158
Other assurance services	2	2
Tax advisory services	9	63
Total auditor's remuneration	**123**	**223**

(a) Includes tax compliance work on behalf of Group companies.

11. INCOME TAX

Tax recognised in income statement:

	2020 €'000	2019 €'000
Current tax expense		
Current year	3,224	1,648
Adjustment for prior years	(103)	(89)
Total current tax expense	3,121	1,559
Deferred tax expense		
Origination and reversal of temporary differences	(438)	231
Adjustment for prior years	-	3
Total deferred tax (credit)/expense	(438)	234
Total income tax expense	**2,683**	**1,793**

A reconciliation of the expected income tax expense for continuing operations is computed by applying the standard Irish tax rate to the profit before tax and the reconciliation to the actual income tax expense is as follows:

	2020 €'000	2019 €'000
Profit before tax from continuing operations	17,069	14,176
Irish standard tax rate (12.5%)	*12.5%*	*12.5%*
Taxes at the Irish standard rate	2,134	1,772
Foreign income at rates other than the Irish standard rate	849	957
Losses creating no income tax benefit	(843)	288
Other	543	(1,224)
Total income tax expense	**2,683**	**1,793**

The Group's net deferred taxation liability was as follows:

	2020 €'000	2019 €'000
Deferred taxation assets:		
Reserves, provisions and tax credits	585	610
Accrued income	31	-
Tax losses and unrealised FX gains	477	6
Total deferred taxation asset	1,093	616
Deferred taxation liabilities:		
Property, plant and equipment	(1,780)	(1,742)
Profit not yet taxable	(52)	(52)
Total deferred taxation liabilities	(1,832)	(1,794)
Net deferred taxation liability	(739)	(1,178)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. INCOME TAX (CONTINUED)

The movement in temporary differences during the year were as follows:

1 January 2019 – 31 December 2019	Balance 1 January €'000	Recognised in Profit or Loss €'000	Acquired in a Business combination €'000	Balance 31 December €'000
Deferred taxation assets:				
Reserves, provisions and tax credits	278	332	-	610
Tax losses	-	6	-	6
Total deferred taxation asset	278	338	-	616
Deferred taxation liabilities:				
Property, plant and equipment	(1,154)	(588)	-	(1,742)
Profit not yet taxable	(68)	16	-	(52)
Total deferred taxation liabilities	(1,222)	(572)	-	(1,794)
Net deferred taxation liability	(944)	(234)	-	(1,178)

1 January 2020 – 31 December 2020	Balance 1 January €'000	Recognised in Profit or Loss €'000	Acquired in a Business combination €'000	Balance 31 December €'000
Deferred taxation assets:				
Reserves, provisions and tax credits	610	(25)	-	585
Accrued income	-	31	-	31
Tax losses	6	471	-	477
Total deferred taxation asset	616	477	-	1,093
Deferred taxation liabilities:				
Property, plant and equipment	(1,742)	(38)	-	(1,780)
Profit not yet taxable	(52)	-	-	(52)
Total deferred taxation liabilities	(1,794)	(38)	-	(1,832)
Net deferred taxation liability	(1,178)	439	-	(739)

Deferred taxation assets have not been recognised in respect of the following items:

	2020 €'000	2019 €'000
Tax losses	3,269	4,112
Total	3,269	4,112

12. INTANGIBLE ASSETS AND GOODWILL

	Product development €'000	Goodwill €'000	Total €'000
Balance at 1 January 2019	**3,377**	**27,376**	**30,753**
Internally developed	1,405	-	1,405
Acquisitions	-	886	886
Disposal (note 9)	-	(1,529)	(1,529)
Translation differences	-	422	422
Balance at 31 December 2019	**4,782**	**27,155**	**31,937**
Internally developed	1,065	-	1,065
Acquisitions (note 9)	-	4,533	4,533
Disposal (note 9)	-	-	-
Translation differences	-	(548)	(548)
Balance at 31 December 2020	**5,847**	**31,140**	**36,987**

Goodwill relates to the acquisition of the below companies, being the dates that the Group obtained control of these business:

- The remaining 60% of DDS-SA Pty Limited in November 2009.
- The 60% acquisition of Omina Supplies in August 2014.
- The 65% acquisition of Rotacan in August 2014.
- The acquisition of ABC products in August 2014.
- The acquisition of Ozmine in January 2015.
- The acquisition of Mincon Chile in March 2015.
- The acquisition of Rockdrill Engineering in November 2016.
- The acquisition of PPV in April 2017.
- The acquisition of Viqing July 2017.
- The acquisition of Driconeq in March 2018.
- The acquisition of Pacific Bit of Canada in January 2019.
- The acquisition of Lehti Group in January 2020.
- The acquisition of Rocdrill in May 2020.

The Group accounts for acquisitions using the purchase accounting method as outlined in IFRS 3 *Business Combinations*.

The businesses acquired were integrated with other Group operations soon after acquisition. Impairment testing (including sensitivity analysis) is performed at each period end. Group management has determined that the Group has one cash generating unit and one operating segment and therefore all goodwill is tested for impairment at Group level.

The recoverable amount of goodwill has been assessed based on estimates of fair value less costs to sell (FVLCS). The FVLCS valuation is calculated on the basis of a discounted cash flow ("DCF") model. The most significant assumptions within the DCF are weighted average cost of capital ("WACC"), tax rates and terminal value assumptions. Goodwill impairment testing did not indicate any impairment during any of the periods being reported. Four sensitivities are applied as part of the analysis considering the effects of changes in 1) the WACC, 2) the EBITDA margin, 3) the long term growth rate and 4) the level of terminal value capital expenditure. The sensitivities calculate downside scenarios to assess potential indications of impairments due to changes in key assumptions. The results from the sensitivity analysis did not suggest that goodwill would be impaired when those sensitivities were applied.

12. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The carrying amount of the CGU was determined to be lower than its fair value less cost to sell by €68.4 million, giving management substantial headroom and comfort in the above stated impairment assessment.

The key assumptions used in the estimation of the fair value less cost calculation were as follows:

	2020
WACC	10.5%
EBIDTA margin	17.8%
Long term growth rate	2.25%
Terminal value capital expenditure	€7.1 million

The WACC calculation considers market data and data from comparable public companies. Peer group data was especially considered for the beta factor and assumed financing structure (gearing level). The analysis resulted in a discount rate range of 9.60% to 11.35%. This results in a midpoint WACC being used of 10.5%.

The Long term growth rate of 2.25% applied is based on a weighted average of the long term inflation rates of the countries in which Mincon generates revenues and earnings.

The budgeted EBITDA was based on expectations of future outcomes, taking account for past experience, adjusted for anticipated revenue growth as detailed in managements approved Budget. No EBITDA margin effect is assumed in the terminal value i.e. the budgeted EBITDA margin of 17.8% for 2023 is assumed in the Terminal Value calculation used to arrive at the FVLCS.

Terminal value Capital expenditure assumes no balance sheet growth is assumed in the terminal value, CAPEX is assumed to equal depreciation of €7.1 million.

Investment expenditure of €1.1 million, which has been capitalised, is in relation to ongoing product development within the Group. Amortisation will begin at the stage of commercialisation and charged to the income statement over a period of three to five years, or the capitalised amount will be written off if the project is deemed no longer viable by management.

Change in estimates

During 2020, the Group performed a review of their goodwill impairment assessment method and concluded that the fair value less costs of disposal was greater than the value in use. As a result, the recoverable amount has been calculated using the fair value less costs of disposal model in the current year. There was no impact on the financial statements of this change in estimate.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings €'000	Plant and Equipment €'000	ROU Assets €'000	Total €'000
Cost:				
At 1 January 2019	15,650	40,347	-	55,997
Acquisitions through business combinations	-	75	-	75
Right of use asset on inception	-	-	4,683	4,683
Additions	1,223	6,707	490	8,420
Disposals	(482)	(2,913)	(455)	(3,850)
Foreign exchange differences	(163)	1,613	114	1,564
At 31 December 2019	**16,228**	**45,829**	**4,832**	**66,889**
Acquisitions through business combinations	95	2,542	3,385	6,022
Additions	387	6,835	102	7,324
Disposals and derecognition of ROU assets	-	(2,282)	(1,199)	(3,481)
Foreign exchange differences	(419)	(1,384)	(233)	(2,036)
At 31 December 2020	**16,291**	**51,540**	**6,887**	**74,718**
Accumulated depreciation:				
At 1 January 2019	(2,855)	(18,212)	-	(21,067)
Charged in year	(442)	(3,456)	(1,344)	(5,242)
Disposals	279	1,582	-	1,861
Foreign exchange differences	(9)	(1,260)	-	(1,269)
At 31 December 2019	**(3,027)**	**(21,346)**	**(1,344)**	**(25,717)**
Charged in year	(461)	(4,205)	(1,816)	(6,482)
Disposals	-	1,969	432	2,401
Foreign exchange differences	68	750	82	900
At 31 December 2020	**(3,420)**	**(22,832)**	**(2,646)**	**(28,898)**
Carrying amount: 31 December 2020	**12,871**	**28,708**	**4,241**	**45,820**
Carrying amount: 31 December 2019	**13,201**	**24,483**	**3,488**	**41,172**
Carrying amount: 1 January 2019	**12,795**	**22,135**	**-**	**34,930**

The depreciation charge for property, plant and equipment is recognised in the following line items in the income statement:

	2020 €'000	2019 €'000
Cost of sales	4,216	3,312
General, selling and distribution expenses	922	586
General, selling and distribution expenses ROU asset	1,344	1,344
Total depreciation charge for property, plant and equipment	**6,482**	**5,242**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. INVENTORY AND CAPITAL EQUIPMENT

	2020 €'000	2019 €'000
Finished goods and work-in-progress	42,326	38,212
Capital equipment	504	962
Raw materials	10,187	9,416
Total inventory	**53,017**	**48,590**

The Group recorded an impairment of €80,000 against inventory to take account of net realisable value during the year ended 31 December 2020 (2019: €1.7 million). Write-downs are included in cost of sales.

At 31 December 2020 and 31 December 2019, capital equipment are rigs held in South Africa for resale.

15. TRADE AND OTHER RECEIVABLES AND THE CURRENT ASSETS

(a) Trade and other receivables

	2020 €'000	2019 €'000
Gross receivable	21,830	21,424
Provision for impairment	(1,190)	(1,078)
Net trade and other receivables	20,640	20,346

	Provision for impairment €'000
Balance at 1 January 2020	(1,078)
Additions	(112)
Balance at 31 December 2020	(1,190)

	2020 €'000	2019 €'000
Less than 60 days	17,878	17,112
61 to 90 days	1,350	1,659
Greater than 90 days	1,412	1,575
Net trade and other receivables	20,640	20,346

At 31 December 2020, €2.8 million of trade receivables balances (13%) were past due but not impaired (2019: €3.2 million (16%).

(b) Prepayments and other current assets

	2020 €'000	2019 €'000
Plant and machinery prepaid	1,597	3,332
Prepayments and other current assets	2,589	2,766
Prepayments and other current assets	4,186	6,098

16. TRADE CREDITORS, ACCRUALS AND OTHER LIABILITIE

	2020 €'000	2019 €'000
Trade creditors	10,457	10,853
Total creditors and other payables	**10,457**	**10,853**

	2020 €'000	2019 €'000
VAT	390	207
Social security costs	1,088	674
Other accruals and liabilities	4,051	4,946
Total accruals and other liabilities	**5,529**	**5,827**

17. CAPITAL MANAGEMENT

The Group's policy is to have a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The Group monitors capital using a ratio of 'net debt' to equity. Net debt is calculated as total liabilities less cash and cash equivalents (as shown in the statement of financial position).

	2020 €'000	2019 €'000
Total liabilities	(46,163)	(39,784)
Less: cash and cash equivalents	17,045	16,368
Net debt	**(29,118)**	**(23,416)**
Total equity	**132,936**	**126,144**
Net debt to equity ratio	**0.22**	**0.18**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

18. LOANS AND BORROWINGS

	Maturity	2020 €'000	2019 €'000
Bank loans	2021-2034	11,090	4,879
Finance leases	2021-2026	5,494	5,903
Right of Use leases	2020-2029	5,027	4,140
Total loans and borrowings		**21,611**	**14,922**
Current		6,822	4,043
Non-current		14,789	10,879

The Group has a number of bank loans and finance leases with a mixture of variable and fixed interest rates. The Group has not been in default on any of these debt agreements during any of the periods presented. The Group has been in compliance with all debt agreements during the periods presented. The loan agreements in Ireland carry restrictive financial covenants. Interest rates on current borrowings are at an average rate of 4.56%

During 2020 the Group availed of the option to enter into overdraft facilities and to draw down loans of €6.6 million with interest rate between 1% and 10.5%.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Balance at 1 January 2020 €'000	Arising from acquisition €'000	Cash movements €'000	Non-cash movements €'000	Foreign exchange differences €'000	Balance at 31 December €'000
Loans and borrowings	**4,879**	3,144	3,210	-	(143)	**11,090**
Finance leases	**5,903**	-	(1,579)	1,276	(106)	**5,494**
Right of use leases	**4,140**	3,385	-	(2,331)	(167)	**5,027**
Retained earnings	-	-	(2,222)	-	-	**(2,222)**
Total	**14,922**	**6,529**	**(591)**	**(1,055)**	**(416)**	**19,389**

19. NON-CONTROLLING INTEREST

(a) Non-controlling interest

The following table summarises the information relating to the Group's subsidiary, Mincon West Africa SL, that has material non-controlling interests, before any intra-group eliminations. The non-controlling interest was 20% of this subsidiary until the date of the transaction described in note 19b.

Non-controlling Interest 20%	2020 €'000	2019 €'000
Non-current assets	-	97
Current assets	-	4,253
Non-current liabilities	-	-
Current liabilities	-	(874)
Net assets	-	3,476
Net assets attributable to NCI	**-**	**695**
Revenue	6,919	6,176
Profit	826	272
OCI	-	-
Total comprehensive income	826	272
Profit allocated to NCI	**165**	**54**

(b) Acquisition of non-controlling interest

Mincon Group plc acquired the additional 20% interest in the voting shares of Mincon West Africa on 1 October 2020, increasing its ownership interest to 100%. The carrying amount of Mincon West Africa's NCI portion in the Group's consolidated financial statements on the date of acquisition was €1.28 million.

	€000
Cash consideration paid to NCI	1,000
Deferred consideration due to NCI	1,000
Carrying amount of NCI acquired	(1,280)
Decrease in equity attributable to owners of the company	**720**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20. SHARE CAPITAL AND RESERVES

At 31 December 2020		
Authorised Share Capital	**Number**	**€000**
Ordinary Shares of €0.01 each	500,000,000	5,000
Allotted, called-up and fully paid up shares	**Number**	**€000**
Ordinary Shares of €0.01 each	211,675,024	2,117

Share issuances
On 26 November 2013, Mincon Group plc was admitted to trading on the Enterprise Securities Market (ESM) of the Euronext Dublin and the Alternative Investment Market (AIM) of the London Stock Exchange.

Voting rights
The holders of Ordinary Shares have the right to receive notice of and attend and vote at all general meetings of the Company and they are entitled, on a poll or a show of hands, to one vote for every Ordinary Share they hold. Votes at general meetings may be given either personally or by proxy. Subject to the Companies Act and any special rights or restrictions as to voting attached to any shares, on a show of hands every member who (being an individual) is present in person and every proxy and every member (being a corporation) who is present by a representative duly authorised, shall have one vote, so, however, that no individual shall have more than one vote for every share carrying voting rights and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

Dividends
In September 2020, Mincon Group plc paid a final dividend for 2019 of €0.0105 (1.05 cent) per ordinary share. In September 2019, Mincon Group plc paid an interim dividend for 2019 of €0.0105 (1.05 cent) per ordinary share. In June 2019, Mincon Group plc paid a final dividend for 2018 of €0.0105 (1.05 cent) per ordinary share.

The Board of Mincon Group plc is recommending the payment of a full year dividend for the year ended 31 December 2020 in the amount of €0.021 (2.10 cent) per ordinary share, which will be subject to approval at the Annual General Meeting of the Company in May 2021. This dividend, is in respect to an interim dividend of 1.05 cent and final dividend of 1.05 cent. Subject to Shareholder approval at the Company's annual general meeting on 28 May 2021.

Share premium and other reserves
As part of a Group reorganisation of the Company, Mincon Group plc, became the ultimate parent entity of the Group. On 30 August 2013, the Company acquired 100% of the issued share capital in Smithstown Holdings and acquired (directly or indirectly) the shareholdings previously held by Smithstown Holdings in each of its subsidiaries, thereby creating a merger reserve.

21. EARNINGS PER SHARE

Basic earnings per share (EPS) is computed by dividing the profit for the period available to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period. Diluted earnings per share is computed by dividing the profit for the period by the weighted average number of Ordinary Shares outstanding and, when dilutive, adjusted for the effect of all potentially dilutive shares. The following table sets forth the computation for basic and diluted net profit per share for the years ended 31 December:

	2020 €'000	2019 €'000
Numerator (amounts in €'000):		
Profit attributable to owners of the Parent	14,221	12,329
Denominator (Number):		
Basic shares outstanding	211,675,024	210,973,102
Restricted share awards	4,825,517	1,546,189
Diluted weighted average shares outstanding	216,500,544	212,519,291
Earnings per Ordinary Share		
Basic earnings per share, €	6.72	5.84
Diluted earnings per share, €	6.57	5.80

22. SHARE-BASED PAYMENT

During the year ended 31 December 2020, the Remuneration Committee made a grant of approximately 3,981,250 Restricted Share Options (RSAs) to members of the senior management team.

The vesting conditions of the scheme state that the minimum growth in EPS shall be CPI plus 5% per annum, compounded annually, over the relevant three accounting years up to the share award of 100% of the participants basic salary. Where awards have been granted to a participant in excess of 100% of their basic salary, the performance condition for the element that is in excess of 100% of basic salary is that the minimum growth in EPS shall be CPI plus 10% per annum, compounded annually, over the three accounting years.

Reconciliation of outstanding share awards	Number of Awards in thousand
Outstanding on 1 January 2020	1,546
Forfeited during the year	-
Exercised during the year	(702)
Granted during the year	-
Outstanding at 31 December 2020	**844**

Reconciliation of outstanding share options	Number of Options in thousands
Outstanding on 1 January 2020	-
Forfeited during the year	-
Exercised during the year	-
Granted during the year	3,981
Outstanding at 31 December 2020	**3,981**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. FINANCIAL RISK MANAGEMENT

The Group is exposed to various financial risks arising in the normal course of business. Its financial risk exposures are predominantly related to changes in foreign currency exchange rates and interest rates, as well as the creditworthiness of our counterparties.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

a) Liquidity and capital

The Group defines liquid resources as the total of its cash, cash equivalents and short term deposits. Capital is defined as the Group's shareholders' equity and borrowings.

The Group's objectives when managing its liquid resources are:

- To maintain adequate liquid resources to fund its ongoing operations and safeguard its ability to continue as a going concern, so that it can continue to create value for investors;
- To have available the necessary financial resources to allow it to invest in areas that may create value for shareholders; and
- To maintain sufficient financial resources to mitigate against risks and unforeseen events

Liquid and capital resources are monitored on the basis of the total amount of such resources available and the Group's anticipated requirements for the foreseeable future. The Group's liquid resources and shareholders' equity at 31 December 2020 and 31 December 2019 were as follows:

	2020 €'000	2019 €'000
Cash and cash equivalents	17,045	16,368
Loans and borrowings	21,611	14,922
Shareholders' equity	132,936	125,029

The Group frequently assess its liquidity requirements, together with this requirement and the rate return of long term euro deposits, the Group has decided to keep all cash readily available that is accessible within a month or less. Cash at bank earns interest at floating rates based on daily bank deposits. The fair value of cash and cash equivalents equals the carrying amount.

Cash and cash equivalents are held by major Irish, European, United States and Australian institutions with credit rating of A3 or better. The Company deposits cash with individual institutions to avoid concentration of risk with any one counterparty. The Group has also engaged the services of a depository to ensure the security of the cash assets.

Risk of counterparty default arising on cash and cash equivalents and derivative financial instruments is controlled by dealing with high-quality institutions and by policy, limiting the amount of credit exposure to any one bank or institution.

The Group is also exposed to credit risk on its liquid resources (cash), of which the euro equivalent of €2.8 million was held in US dollar (USD 3.5 million), €2.4 million was held in Swedish krona (SEK 24.7 million) and the euro equivalent of €1.7 million was held Australian dollar (AUD 2.7 million). The Directors actively monitor the credit risk associated with this exposure.

At year-end, the Group's total cash and cash equivalents were held in the following jurisdictions:

	31 December 2020 €'000	31 December 2019 €'000
Ireland	1,870	5,759
Americas	2,989	2,339
Australasia	1,723	1,625
Europe, Middle East, Africa	10,463	6,645
Total cash, cash equivalents and short term deposits	17,045	16,368

There are currently no restrictions that would have a material adverse impact on the Group in relation to the intercompany transfer of cash held by its foreign subsidiaries. The Group continually evaluates its liquidity requirements, capital needs and availability of resources in view of, among other things, alternative uses of capital, the cost of debt and equity capital and estimated future operating cash flow.

In the normal course of business, the Group may investigate, evaluate, discuss and engage in future company or product acquisitions, capital expenditures, investments and other business opportunities. In the event of any future acquisitions, capital expenditures, investments or other business opportunities, the Group may consider using available cash or raising additional capital, including the issuance of additional debt. The maturity of the contractual undiscounted cash flows (including estimated future interest payments on debt) of the Group's financial liabilities at 31 December were as follows:

	Total Fair Value of Cash Flows €'000	Less than 1 Year €'000	1-3 Years €'000	3-5 Years €'000	More than 5 Years €'000
At 31 December 2019:					
Deferred contingent consideration	4,962	2,452	2,510	-	-
Loans and borrowings	4,879	1,441	847	782	1,809
Finance leases	5,903	1,244	2,895	1,764	-
Right of use leases	4,140	1,360	1,807	735	238
Trade and other payables	10,853	10,853	-	-	-
Accrued and other financial liabilities	5,827	5,827	-	-	-
Total at 31 December 2019	36,564	23,177	8,059	3,281	2,047
At 31 December 2020:					
Deferred contingent consideration	4,723	2,068	2,186	359	110
Loans and borrowings	11,090	3,666	3,875	1,881	1,668
Finance leases	5,494	1,448	2,924	1,030	92
Right of use leases	5,027	1,707	2,449	850	21
Trade and other payables	10,457	10,457	-	-	-
Accrued and other financial liabilities	5,529	5,529	-	-	-
Total at 31 December 2020	42,320	24,875	11,434	4,120	1,891

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

b) Foreign currency risk

The Group is a multinational business operating in a number of countries and the euro is the presentation currency. The Group, however, does have revenues, costs, assets and liabilities denominated in currencies other than euro.

Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. The resulting monetary assets and liabilities are translated into the appropriate functional currency at exchange rates prevailing at the reporting date and the resulting gains and losses are recognised in the income statement. The Group manages some of its transaction exposure by matching cash inflows and outflows of the same currencies. The Group does not engage in hedging transactions and therefore any movements in the primary transactional currencies will impact profitability. The Group continues to monitor appropriateness of this policy.

The Group's global operations create a translation exposure on the Group's net assets since the financial statements of entities with non-euro functional currencies are translated to euro when preparing the consolidated financial statements. The Group does not use derivative instruments to hedge these net investments.

The principal foreign currency risks to which the Group is exposed relate to movements in the exchange rate of the euro against US dollar, South African rand, Australian dollar, Swedish krona and Canadian dollar.

The Group has material subsidiaries with a functional currency other than the euro, such as US dollar, Australian dollar, South African rand, Canadian dollar, British pound and Swedish krona.

The Group's worldwide presence creates currency volatility when compared year on year. During 2020, currencies were extremely volatile due to the COVID-19 Global pandemic, however the euro remained relatively steady against all major currencies the Group trades in.

The US dollar, the largest currency the Group trades in outside the euro began to weaken at the beginning of H2 2020, and steadily declined during that period and ended the year 9% weaker compared with 2019 year end. This weakening was directly linked with economic uncertainty, with the US presidential elections tension that continued in 2021 while in the midst of the COVID-19 Global pandemic.

In South Africa, where Mincon has a large presence in relative terms to the Group, the South Africa rand weakened at the beginning of the COVID-19 Global pandemic as South Africa temporarily closed a large portion of its economy and more specifically most of its mining sector. However, the South African rand did recover towards the latter stages of 2020 and finished 14% behind the year end 2019.

The Australian dollar weakened in 2019, and the beginning of the COVID-19 Global pandemic compounded this in Q1 2020, as the Australian economy is very much dependent on the mining sector. As mining proved to be resilient during this pandemic the Australian dollar began to recover through the remainder of the year and finished 2020 flat against the euro.

- The US dollar decreased by 9% against the closing 2019 euro rate (2019 increase of 2% against 2018).
- The Australian dollar remained flat against the closing 2019 euro rated (2019 increase of 2% against 2018).
- The South African rand has decreased 14% against the closing 2019 euro rated (2019 increase of 4% against 2018).
- The Swedish Krona has increased 4% against the closing 2019 euro rated (2019 decrease of 3% against 2018).

In 2020, 57% (2019: 60%) of Mincon's revenue €130 million (2019: €124 million) was generated in AUD, SEK and USD. The majority of the Group's manufacturing base has a euro, US dollar or Swedish Krona cost base. While Group management makes every effort to reduce the impact of this currency volatility, it is impossible to eliminate or significantly reduce given the fact that the highest grades of our key raw materials are either not available or not denominated in these markets and currencies. Additionally, the ability to increase prices for our products in these jurisdictions is limited by the current market factors.

	2020		2019	
Euro exchange rates	**Closing**	**Average**	**Closing**	**Average**
US dollar	1.22	1.14	1.12	1.11
Australian dollar	1.59	1.66	1.59	1.61
South African rand	17.91	18.76	15.72	15.93
Swedish krona	10.06	10.48	10.51	10.53

c) Credit risk

Credit risk is the risk that the possibility that the Group's customers may experience financial difficulty and be unable to meet their obligations. The Group monitors its collection experience on a monthly basis and ensures that a stringent policy is adopted to provide for all past due amounts. The majority of the Group's customers are third party distributors and end users of drilling tools and equipment.

Expected credit loss assessment

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. Credit risk grades are defined using quantitative factors that are indicative of the risk of default and are aligned to past experiences. Loss rates are based on accrual credit loss experience over the past five years.

The maximum exposure to credit risk for trade and other receivables at 31 December 2020 and 31 December 2019 by geographic region was as follows:

	2020 €'000	2019 €'000
Ireland	121	88
Americas	7,298	6,141
Australasia	2,540	4,495
Europe, Middle East, Africa	10,681	9,622
Total amounts owed	**20,640**	**20,346**

The Group is also exposed to credit risk on its liquid resources (cash), of which the euro equivalent of €2.8 million was held in US dollar (USD 3.5 million), €2.4 million was held in Swedish krona (SEK 24.7 million) and the euro equivalent of €1.7 million was held Australian dollar (AUD 2.7 million). The Directors actively monitor the credit risk associated with this exposure, cash and cash equivalents are held by major Irish, European, United States and Australian institutions with credit rating of A3 or better.

d) Interest rate risk

Interest Rate Risk on financial liabilities

Movements in interest rates had no significant impact on our financial liabilities or finance cost recognised in either 2019 or 2020.

Interest Rate Risk on cash and cash equivalents

Our exposure to interest rate risk on cash and cash equivalents is actively monitored and managed, the rate risk on cash and cash equivalents is not considered material to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

e) Fair values

Fair value is the amount at which a financial instrument could be exchanged in an arms-length transaction between informed and willing parties, other than in a forced or liquidation sale. The contractual amounts payable less impairment provision of trade receivables, trade payables and other accrued liabilities approximate to their fair values. Under IFRS 7, the disclosure of fair values is not required when the carrying amount is the reasonable approximation of fair value.

There are no material differences between the carrying amounts and fair value of our financial liabilities as at 31 December 2019 or 2020.

Financial instruments carried at fair value

The deferred contingent consideration payable represents management's best estimate of the fair value of the amounts that will be payable, discounted as appropriate using a market interest rate. The fair value was estimated by assigning probabilities, based on management's current expectations, to the potential pay-out scenarios.

Movements in the year in respect of Level 3 financial instruments carried at fair value

The movements in respect of the financial assets and liabilities carried at fair value in the year to 31 December 2020 are as follows:

	Deferred contingent consideration €'000
Balance at 1 January 2020	4,962
Arising on acquisition	1,257
Purchase of NCI	1,000
Cash payment	(2,460)
Foreign currency translation adjustment	(25)
Fair value movement on deferred contingent consideration	(11)
Balance at 31 December 2020	**4,723**

24. SUBSIDIARY UNDERTAKINGS

At 31 December 2020 the Group had the following subsidiary undertakings:

Company	Group Share %	Registered Office and Country of Incorporation
Mincon International Limited Manufacturer of rock drilling equipment	100%	Smithstown, Shannon, Co. Clare, Ireland
Mincon Rockdrills PTY Ltd Manufacturer of rock drilling equipment	100%	8 Fargo Way, Welshpool, WA 6106, Australia
1676427 Ontario Inc. (Operating as Rotacan) Manufacturer of rock drilling equipment	100%	400B Kirkpatrick Street, North Bay, Ontario, P1B 8G5, Canada
Mincon Carbide Ltd Manufacturer of tungsten carbide	100%	Windsor St, Sheffield S4 7WB, United Kingdom
Viqing Drilling Equipment AB Manufacturer of drill pipe equipment	100%*	Svarvarevagen 1, SE-686 33 Sunne, Sweden
Mincon Inc. Sales company	100%	603 Centre Avenue, N.W. Roanoke, VA 24016, USA
Mincon Sweden AB Sales company	100%	Industrivagen 2-4, 61202 Finspang, Sweden
Mincon Nordic OY Sales company	100%	Hulikanmutka 6, 37570 Lempäälä, Finland
Mincon Holdings Southern Africa (Pty) Sales company	100%	1 Northlake, Jetpark 1469, Gauteng, South Africa
ABC Products (Rocky) Pty Ltd Sales company	100%	2/57 Alexandra Street, North Rockhampton, Queensland, 4701 Australia
Mincon West Africa SARL Dormant company	80%	Villa TF 4635 GRD, Almadies, Dakar B.P. 45534, Senegal
Mincon West Africa SL Sales company	100%	Calle Adolfo Alonso Fernández, s/n, Parcela P-16, Planta 2, Oficina 23, Zona Franca de Gran Canaria, Puerto de la Luz, Código Postal 35008, Las Palmas de Gran Canaria
Mincon Poland Dormant company	100%	ul.Mickiewicza 32, 32-050 Skawina, Poland
Pacific Bit of Canada Sales company	100%	9485 189 Unit204, Surrey, BC V4N 5L8, Canada
Mincon Rockdrills Ghana Limited Dormant company	100%	P.O. Box CT5105, Accra, Ghana
Mincon S.A.C. Sales company	100%	Calle La Arboleda 151, Dpto 201, La Planicie, La Molina, Peru
Ozmine International Pty Limited Sales company	100%	Gidgegannup, WA 6083, Australia
Mincon Chile Sales company	100%	Av. La Dehesa #1201, Torre Norte, Lo Barnechea, Santiago, Chile
Mincon Namibia Pty Ltd Sales company	100%	Ausspannplatz, Windhoek, Namibia
Mincon Mining Equipment Inc Sales company	100%*	19789-92a Avenue, Langley, British Columbia V1M3B3, Canada

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. SUBSIDIARY UNDERTAKINGS (CONTINUED)

At 31 December 2020 the Group had the following subsidiary undertakings:

Company	Group Share %	Registered Office and Country of Incorporation
Pirkanmaan Poraveikot OY PPV Engineering company	100%*	Hulikanmutka 6, 37570 Lempäälä, Finland
Mincon Exports USA Inc. Group finance company	100%	603 Centre Ave, Roanoke VA 24016, USA
Mincon International Shannon Dormant company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Smithstown Holdings Holding company	100%	Smithstown, Shannon, Co. Clare, Ireland
Mincon Canada Drilling Products Inc. Holding company	100%	Suite 1800-355 Burrard Street, Vancouver, BC V6C 268, Canada
Lotusglade Limited Holding company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Floralglade Company Holding company	100%	Smithstown, Shannon, Co. Clare, Ireland
Castle Heat Treatment Limited Holding company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Mincon Microcare Limited Holding company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Cebeko Elast AB Holding company	100%*	Svarvarevagen 1, SE-686 33 Sunne, Sweden
Driconeq AB Holding company	100%	Svarvarevagen 4, 686 33 Sunne, Sweden
Driconeq Production AB Manufacturing facility	100%	Svarvarevagen 4, 686 33 Sunne, Sweden
Driconeq Fastighet AB Property holding company	100%	Svarvarevagen 4, 686 33 Sunne, Sweden
Driconeq Do Brazil Sales company	100%	Rua Dr. Ramiro De Araujo Filho, 348, Jundai, SP, Brazil
Driconeq Africa Ltd Sales company	100%	Cnr of Harriet and James Bright Avenue, Driehoek. Germiston 1400
Driconeq Australia Holdings Pty Ltd Holding company	100%	47 Greenwich Parade, AU-6031 Neerabup, WA, Australia
Driconeq Australia Pty Ltd Manufacturing facility	100%	47 Greenwich Parade, AU-6031 Neerabup, WA, Australia
Mincon Drill String AB Holding company	100%	Svetsarevägen 4, 686 33, Sunne, Sweden
EURL Roc Drill	100%	Rue Charles Rolland, 29650 Guerlesquin, France

*Indirectly held shareholding

25. LEASES

A. Leases as Lessees (IFRS 16)

The group leases property, plant and equipment across its global operations.

During 2020, one of the leased properties in Finland was sublet. The lease and sublease expire in 2023

During 2019, one of the leased properties in Australia was sublet. The lease and sublease expire in 2024.

The Group leases IT and other equipment with contract terms of less than 12 months and also for low value items. The Group has elected not to recognise right-of -use assets and lease liabilities for these leases in line with availing of the exemptions for such leases allowable under IFRS16.

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

	31 December 2019 €'000
Balance at 1 January	4,683
Depreciation charge for the year	(1,344)
Additions to right of use assets	490
Derecognition of right of use asset*	(455)
Foreign exchange difference	114
Balance at 31 December 2019	**3,488**

	31 December 2020 €'000
Balance at 1 January	3,488
Depreciation charge for the year	(1,816)
Additions to right of use assets	3,487
Disposal of right of use asset	(536)
Derecognition of right of use asset*	(231)
Foreign exchange difference	(151)
Balance at 31 December 2020	**4,241**

*Derecognition of the right of use asset during 2020 is as a result of entering into a finance sub-lease.

(ii) Amounts recognised in income statement.

	2020 €'000	2019 €'000
Interest on lease liabilities	332	247
Expenses related to short term leases	314	363
Expenses related to leases of low value assets	95	28
Leases under IFRS 16	**741**	**638**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. LEASES (CONTINUED)

(iii) Amounts recognised in statement of cash flows

	2020 €'000	2019 €'000
Total cash outflow for leases	1,579	2,121
Total cash outflow of leases	**1,579**	**2,121**

(iv) Extension options

Some property leases contain extension options exercisable by the Group. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group is reasonably certain it will not incur future lease liabilities beyond what is currently calculated.

B. Leases as Lessor (IFRS 16)

(i) Financing Lease

The group subleased a properties that had been recognised as a right of use asset in Finland and Australia. The group recognised income interest in the year in relation to this totalling €143,000.

The following table sets out a maturity analysis of lease receivable, showing the undiscounted lease payments to be received after the reporting date.

	31 December 2020 €'000	31 December 2019 €'000
Less than one year	188	138
One to two years	185	138
Two to three years	140	135
Three to four years	-	135
More than five years	-	-
Balance at 31 December 2020	**513**	**546**
Unearned finance income	(43)	(62)
Total undiscounted lease receivable	**470**	**484**

(ii) Operating leases

The group leases company owned property out to tenants in the USA under various agreements. The group recognises these leases as operating leases from a lessor perspective due to the fact they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during 2020 was €213,000 (2019: €125,000).

The following table sets out a maturity analysis of lease receivable, showing the undiscounted lease payments to be received after the reporting date.

	31 December 2020 €'000
Less than one year	107
One to two years	67
Two to three years	21
Three to four years	-
More than five years	-
Total	**195**

26. COMMITMENTS

The following capital commitments for the purchase of property, plant and equipment had been authorised by the directors at 31 December 2020:

	31 December 2020 €'000	31 December 2019 €'000
Contracted for	3,044	358
Not-contracted for	521	-
Total	**3,565**	**358**

27. LITIGATION

The Group is not involved in legal proceedings that could have a material adverse effect on its results or financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

28. RELATED PARTIES

As at 31 December 2020, the share capital of Mincon Group plc was 56.54% owned by Kingbell Company which is ultimately controlled by Patrick Purcell and members of the Purcell family. Patrick Purcell is also a director of the Company.

In September 2020, the Group paid a final dividend for 2019 of €0.0105 to all shareholders. The total dividend paid to Kingbell Company was €1,256,551 (September 2019: €1,256,551).

The Group has a related party relationship with its subsidiary and its joint venture undertakings (see note 24) for a list of these undertakings), directors and officers. All transactions with subsidiaries eliminate on consolidation and are not disclosed.

Transactions with Directors

The Group is owed €Nil from directors and shareholders at 31 December 2020 and 2019. The Group has amounts owing to directors of €Nil as at 31 December 2020 and 2019.

Key management compensation

The profit before tax from continuing operations has been arrived at after charging the following key management compensation:

	2020 €'000	2019 €'000
Short-term employee benefits	1,441	1,369
Share-based payment charged in the year	-	67
Bonus and other emoluments	347	10
Post-employment contributions	126	68
Social security costs	86	133
Total	**2,000**	**1,647**

The key management compensation amounts disclosed above represent compensation to those people having the authority and responsibility for planning, directing and controlling the activities of the Group, which comprises the Board of Directors and executive management (ten in total at year end). Amounts included above are time weighted for the period of the individuals employment.

29. EVENTS AFTER THE REPORTING DATE

The Board of Mincon Group plc is recommending the payment of a full year dividend for the year ended 31 December 2020 in the amount of €0.021 (2.10 cent) per ordinary share, which will be subject to approval at the Annual General Meeting of the Company in May 2021. This dividend, is in respect to an interim dividend of 1.05 cent and final dividend of 1.05 cent. Subject to Shareholder approval at the Company's annual general meeting, the final dividend will be paid on 18 June 2021 to Shareholders on the register at the close of business on 28 May 2021.

Acquisition of the Hammer Drilling Rigs

On 1 January 2021, the Group completed the acquisition of the Hammer Drilling Rigs (HDR), a specialist in supply of hard rock drilling attachments based in the USA, for a consideration of €2.1 million. There is zero goodwill arising on acquisition as the Group acquired the IP of the business, the full consideration will be amortised over the next five years.

30. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on 19 March 2021.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 €'000	2019 €'000
Non-Current Assets			
Investments in subsidiary undertakings	2	67,242	51,498
Total Non-Current Assets		**67,242**	**51,498**
Current Assets			
Loan amounts owing from subsidiary companies	3	25,447	22,460
Other assets		90	369
Cash and cash equivalents	4	1,334	5,006
Total Current Assets		**26,871**	**27,835**
Total Assets		**94,113**	**79,333**
Equity			
Ordinary share capital	1	2,117	2,110
Share premium		67,647	67,647
Undenominated capital		39	39
Share-based payment reserve		2,259	1,629
Retained earnings		17,260	7,356
Total Equity		**89,322**	**78,781**
Non-Current Liabilities			
Loans and borrowings		3,000	-
Total Non-Current Liabilities		**3,000**	**-**
Current Liabilities			
Loans and borrowings		1,000	-
Accrued and other liabilities		633	394
Amounts owed to subsidiary companies	3	158	158
Total Current Liabilities		**1,791**	**552**
Total Liabilities		**4,791**	**552**
Total Equity and Liabilities		**94,113**	**79,333**

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

Hugh McCollough
Chairman

Joseph Purcell
Chief Executive Officer

19 March 2021

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020 €'000	2019 €'000
Operating activities:		
Profit for the year	12,126	6,012
Share based payments	630	355
Loans to subsidiaries	-	-
Movement in loans to subsidiaries	(2,987)	3,783
Repayment of loans	(1,000)	
Movement in other current assets	279	1,063
Movement in accruals	239	(43)
Movement in intercompany creditors	-	-
Net cash provided by operating activities	**9,287**	**11,170**
Investing activities		
Redemption of/(investment in) short term deposits	-	-
Proceeds from the issuance of share capital	7	5
Investment in subsidiary undertakings	(15,744)	(2,621)
Net cash (used in)/provided by investing activities	**(6,450)**	**8,554**
Financing activities		
Dividends	(2,222)	(4,426)
Drawdown of loan	5,000	-
Net cash provided by/(used in) financing activities	**2,778**	**(4,426)**
Effect of foreign exchange rate changes on cash	-	-
Net (decrease)/increase in cash and cash equivalents	**(3,672)**	**4,128**
Cash and cash equivalents at the beginning of the year	5,006	878
Cash and cash equivalents at the end of the year	**1,334**	**5,006**

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital €'000	Share premium €'000	Other reserve €'000	Unde-nominated Capital €'000	Share based payment reserve €'000	Capital contri-bution €'000	Retained earnings €'000	Total equity €'000
Balance at 01 January 2019	**2,105**	**67,647**	**-**	**39**	**1,274**	**-**	**5,770**	**76,835**
Comprehensive income:								
Profit for the year	-	-	-	-	-		6,012	**6,012**
Total comprehensive income							6,012	**6,012**
Transactions with Shareholders:								
Equity settled share based payments	5	-	-	-	-		-	**5**
Share based payments	-	-	-	-	355		-	**355**
Dividends	-	-	-	-	-		(4,426)	**(4,426)**
Balances at 31 December 2019	**2,110**	**67,647**	**-**	**39**	**1,629**	**-**	**7,356**	**78,781**
Comprehensive income:								
Profit for the year	-	-	-	-	-		12,126	**12,126**
Total comprehensive income							12,126	**12,126**
Transactions with Shareholders:								
Equity settled share based payments	7	-	-	-	-		-	**7**
Share-based payments	-	-	-	-	630		-	**630**
Dividends	-	-	-	-	-		(2,222)	**(2,222)**
Balances at 31 December 2020	**2,117**	**67,647**	**-**	**39**	**2,259**	**-**	**17,260**	**89,322**

The accompanying notes are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. SHARE CAPITAL

See note 20 of the Mincon Group plc consolidated financial statements for details of the authorised and issued share capital of the company.

2. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

During the year ended 31 December 2020, Mincon Group plc subscribed for equity in the following subsidiaries as follows:

	Investments in subsidiary €'000
Balance at 1 January 2020	51,498
EURL Roc Drill	450
Investment in Pacific Bit	559
Investment in Viqing	6,400
Investment in Mincon Inc	7,600
Investment in Mincon West Africa	1,000
Investment in Mincon Exports USA	(32)
Investment in Mincon Tanzania	(233)
Balance at 31 December 2020	**67,242**

3. TRANSACTIONS WITH SUBSIDIARY COMPANIES

At 31 December 2020, the Company had advanced €3 million (2019: €22.1 million) to subsidiary companies by way of loans.

At 31 December 2020, the Company owed €158,000 (2019: €158,000) to subsidiary companies in relation to costs incurred on its behalf.

4. SHORT-TERM DEPOSITS

At 31 December 2020, the Company had €1.3 million cash readily available (2019: €5.0 million).

5. EXEMPTION TO DISCLOSE SEPARATE FINANCIAL STATEMENT

Under Section 304 of the Companies Act 2014, the company has availed of an exemption not to disclose the Statement of Comprehensive Income for the single entity and note that for the year-ended 31 December 2020, made a loss of €3.2 million but received dividends from subsidiary companies totaling €15.3 million leaving the profit after these dividends were received at €12.1 million.

6. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the financial statements on 19 March 2021.

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