Mincon™

The Driller's Choice

ANNUAL REPORT 2021

OPTIMISING PERFORMANCE

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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 Euronext Growth Market.

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, EURONEXT GROWTH ADVISER AND BROKER:	**Davy,** 49 Dawson Street, Dublin 2, Ireland
JOINT BROKER:	**Shore Capital,** Cassini House, 57 St James's Street, London SW1A 1LD, United Kingdom
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:	Euronext Growth: MIO.IR AIM: MCON.L

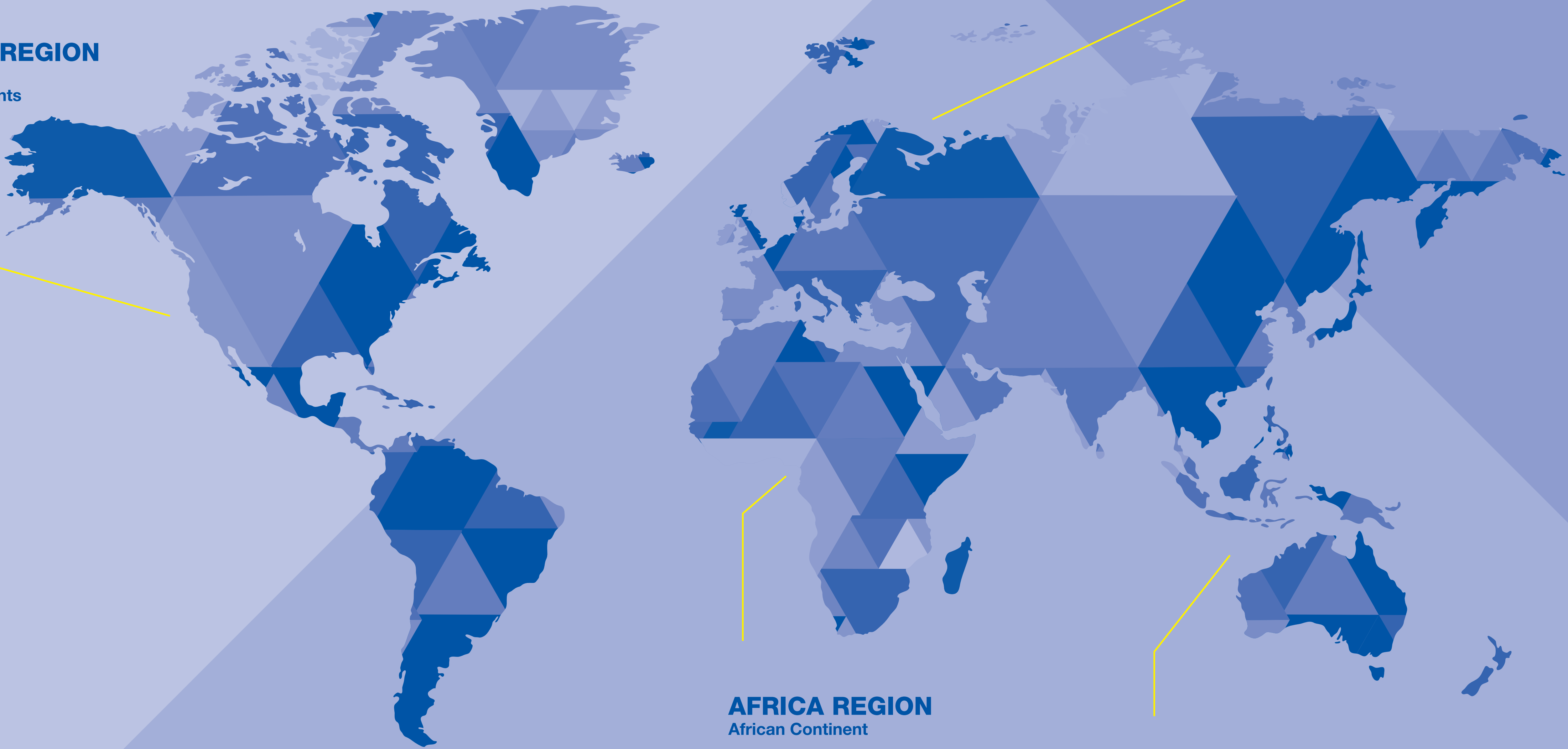
MINCON GROUP FOUR GLOBAL REGIONS

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.

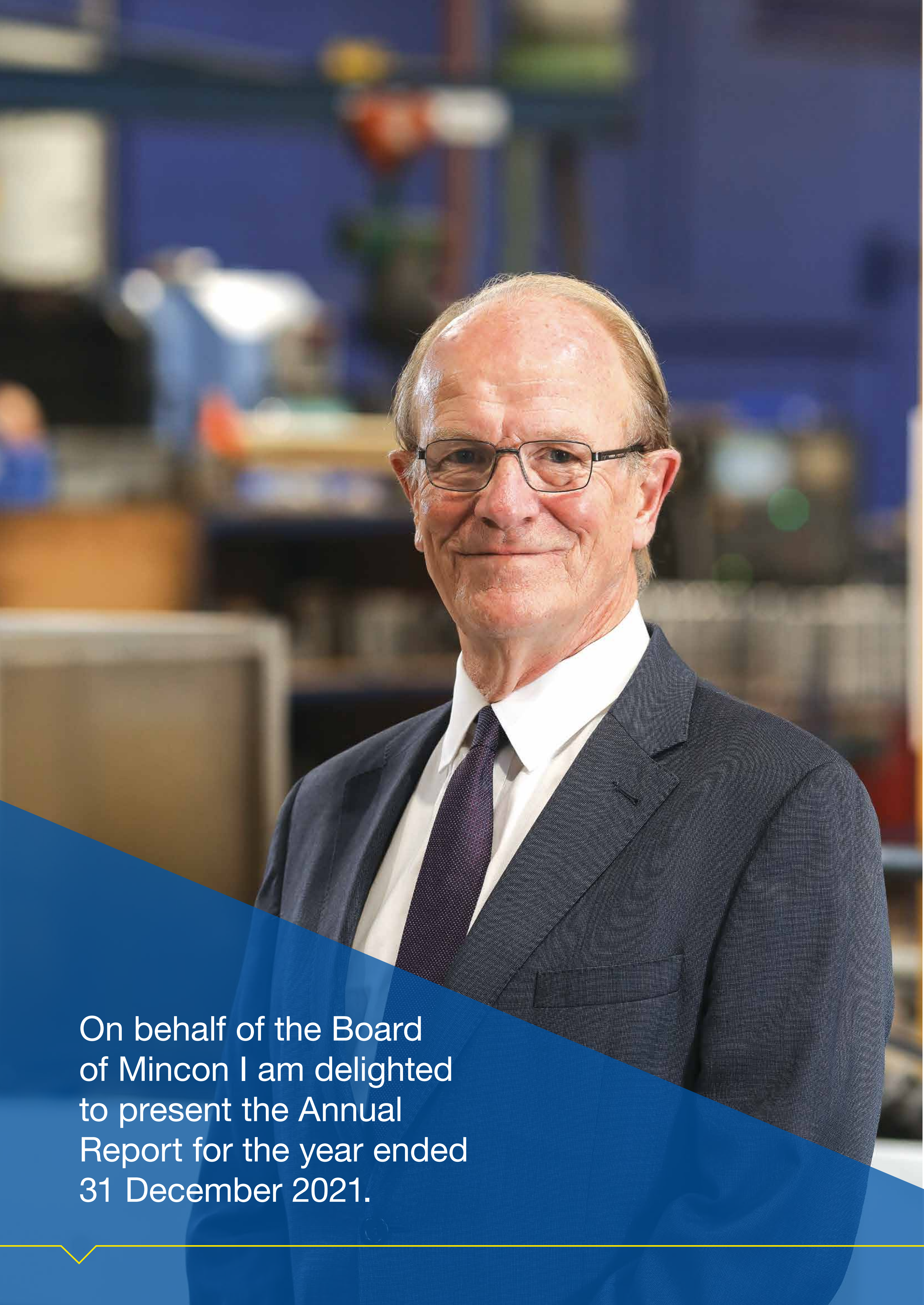
EME EUROPE & MIDDLE EAST **REGION**
All European Countries
Middle East Countries

AMERICAS REGION
North and South American Continents



AFRICA REGION
African Continent

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



On behalf of the Board of Mincon I am delighted to present the Annual Report for the year ended 31 December 2021.

CHAIRMAN'S STATEMENT

At Mincon, we pride ourselves on our engineering excellence and we are always striving to deliver improved performance with lower energy input in all our products.

I am very pleased to be able to report to shareholders on another year of growth for the Group. This has been achieved through our continuing focus on innovative engineering solutions that respond to our customers' needs and resolve the problems that they experience in their day-to-day operations.

Despite the difficulties thrown up by the pandemic during 2021, we succeeded in increasing our revenue by 11% over the prior year. At €14.6 million, our profit after tax shows a modest increase on 2020.

Our profit margins were adversely affected by increased raw material costs and significantly higher freight charges, not all of which were recoverable through product price increases in the reported year.

At Mincon, we pride ourselves on our engineering excellence and we are always striving to deliver improved performance with lower energy input in all our products. For example, one of our most recent innovations has been the large diameter, down the hole hammer. This was recently successfully tested on a pile-boring project in Malaysia. With a drilled hole diameter of 1,750mm, we believe they are the largest diameter holes ever drilled with a single down the hole hammer system. It has achieved penetration rates that are a multiple of times faster than those achieved with existing methods. With sustained productivity rates at these levels, this system can be transformational for the large diameter piling industry, especially in areas of high building density, such as Hong Kong. We have other new drilling tools coming through our research and development programmes and we expect at least one of these to begin commercial operations this year.

2021 was a difficult year for many of our clients, particularly in the South African and Australian mines, where extended lockdowns limited our ability to develop new business, and in some cases, limited our ability to give our desired level of customer service. With considerable effort from our regional service teams, we were able to overcome many of the COVID-19 related problems that arose, even if we were precluded from developing the new business that had been primed prior to the onset of COVID-19. Chief amongst these delays has been the delay in the commercialisation of our leading hydraulic hammer system, known as the "Greenhammer".

CHAIRMAN'S STATEMENT
CONTINUED

We successfully field-tested it in a major open pit operation in Australia, but almost continuous COVID-19 lockdown regulations at that pit have precluded us from bringing it to full commercial operation. We are currently examining potential routes to commerciality with other clients, and subject to the lifting of COVID-19 restrictions, we expect that it will start generating revenue in 2022.

Although it was quieter in 2021, the construction sector continues to provide excellent growth potential for the Group, and we have tendered for a number of major geotechnical projects, mainly in the United States. We fully expect to be awarded some of these contracts, which, as we saw in 2020, significantly boost our revenue and profit performance. We are also developing new drilling technology for the renewable energy sector for anchoring offshore wind turbines.

As can be seen in our product development programme, we continue to focus on our Environmental, Social and Governance ("ESG") performance. The nature of our research and development programme for new drilling tool applications concentrates on reducing energy input while increasing operating efficiency.

We will complete a detailed review of our ESG performance with recommendations for improvement in the first half of 2022.

Over the 45 years that the Group has been trading, we have developed and maintained an extremely capable and loyal staff. Many of these employees have been with the Group long before our IPO in 2013. I believe that the excitement of working for a company that is committed to developing new innovative tools for our customers is a significant factor in retaining excellent people, as is the confidence that our senior management will continue to deliver on the Group's mission to be "The Driller's Choice".

There is great pride in working for a company where its technical ambitions and abilities are continually demonstrated across the globe.

I would like to thank all our staff worldwide for their hard work and dedication to the aims and ethos of the Group. I would also like to thank my colleagues on the board for their continuing support and insights into the Group's business. Finally, I would like to thank our excellent management team who set the example for all to follow.

Hugh McCullough
Chairman
11 March 2022

CHIEF EXECUTIVE OFFICER’S REVIEW

Following a very challenging year in 2021, we are pleased to report growth in revenue and profitability in 2021.

The start of the year was particularly challenging due to the impact of the COVID-19 pandemic, but we worked hard to mitigate the impact by adapting our operations to suit the conditions. While strict COVID-19 health measures remained in place through the year in some areas, such as Western Australia, we still delivered a strong performance for the year.

The areas of procurement and logistics remained difficult during the period with issues on availability, raw material price increases, higher freight costs and longer transit times. As a result, we chose to increase both raw materials and finished goods to ensure strong service to our customers. Price increases are being passed through where possible to maintain margins.

Our strong regional management structure and global coverage reduced the potential impact of COVID-19 on the business and has meant that we can continue to operate with minimal cross-regional travel. We are keeping this situation under review, and provided that the global situation continues in the current positive direction, we intend to ease our restrictions on travel. It is important to note that we will control this travel expenditure carefully and continue to leverage the strength of our global organisation.

The pandemic impacted on product development throughout 2021. However, we achieved some important milestones towards the end of the year. Our hydraulic Greenhammer ran successfully on our own Mincon rig at a major open pit iron ore mine in north-western Australia. Stringent COVID-19 restrictions in Western Australia curtailed our ability to put the revolutionary results, in terms of penetration rate increases and reliability, to commercial use. As a result, and subject to pandemic restrictions easing in Western Australia, we are working on alternative routes to commercialising this transformational opportunity for the Mincon Group and the hard rock surface mining industry. It is important to note that protecting our hard earned IP will be at the forefront of any agreements that we commit to.

Another testing win was the successful drilling that we carried out in Malaysia with a new large diameter hammer system to drill 1750mm diameter rock socket friction piles. We believe that these are the largest holes ever drilled with a single hammer. While we need to drill more metres using the system, the performance, which is several times faster than the existing technology, gives us great encouragement. We believe that there is great potential for this product globally as the preferred method for drilling large diameter construction piles more efficiently.

CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

Another important milestone during the year was the Disruptive Technology Innovation Fund award to a Mincon - led consortium involved in developing a certified anchor foundation solution for the offshore wind industry.

We have made good progress on this project with our consortium partners, Subsea Micropiles, University of Limerick and University College Dublin. One of the key aspects of the project is the self-drilling seawater powered micropile anchor that we have designed in Mincon. A small scale prototype has been test drilled onsite at the Shannon plant and we are continuing to refine this. We are also working with our partners to develop a seabed drill rig as part of an overall system to drill, load test and certify anchor installations at an offshore test site. The future global requirement for offshore wind power is well chronicled which provides a very attractive future market for Mincon.

An important contributor towards our development of the seabed drill rig has been Hammer Drilling Rigs. In January 2021, Mincon acquired the intellectual property including, the knowledge and designs for developing bespoke rigs for terrestrial applications. This has been, and will continue to be, very important in our subsea rig development.

There is also a growing interest in and growing order book for the rigs and masts produced by Hammer Drilling Rigs for terrestrial applications such as construction and solar field applications, which will complement the consumable range that we already have within the Group. We are very happy with the successful integration of the engineering and production teams into our facility in Benton, and we believe that the product range has a bright future within the Group.

In January 2022, we completed the acquisition of Spartan Drill Tools, based in Fruita Colorado, which produces high quality drill pipes and related products. This strategic acquisition introduces this capability into the Americas region to further strengthen our full package offering for the mining, construction, and waterwell/geothermal markets. An important aspect of this deal is that we can integrate certain aspects of drill pipe manufacturing with available capacity and skillsets that we already have in Benton to leverage more efficiencies and hence improve our margins.

In July 2021 we acquired Attakroc, a distribution company. Which has contributed positively to our revenue and profitability since joining the Group. The strong customer service ethos that the team has brought will serve us well in our efforts to grow our market share in the three industries that the Group serves today in eastern Canada.

Our engineering focus on the efficiency of the products that we manufacture means that we have always sought to minimise our carbon footprint. This is more obvious on projects such as Greenhammer and will be further emphasised by our move into renewables with solar energy and offshore wind installations. We are also increasing production efficiencies and are investing in new technologies in this area to further reduce our impact on the environment. We are in the process of a conducting a detailed review of our carbon emissions and will be reporting on this with reduction targets in the first half of 2022.

As a truly global Group, we are embedded in a wide range of cultures and communities across our operations and markets. As a significant employer in these communities, Mincon has a meaningful role to play in these societies and we are committed to increasing opportunities for our employees as well as the wider communities.

As with the carbon emissions project, we will be reporting on Corporate Social Responsibility (CSR) initiatives, on our website, in a more formal manner in the coming year to reflect our continued commitment to the communities in which we operate.

CONCLUDING COMMENTS

Since our IPO in 2013, we have been on a journey that has filled out our product offering so that we can now supply a full range of consumables to the mining, construction, and waterwell/geothermal markets. Our engineering capacity has been transformed by adding to our team through acquisition and strategic hiring.

Our desire to focus on efficiency through ambitious product development projects that have challenged us, but which are now poised to deliver, has built a knowledge base and honed our abilities. These engineering skillsets can now be deployed for new product development in existing markets as well as new areas such as our move into the renewables space.

Our increased manufacturing capacity, combined with the global spread of our factories and customer service centres, means that we have created a platform for future growth. Of course, we remain cognisant of the challenges that the COVID-19 pandemic still presents, and we will endeavour to mitigate the effect on our people. On that note I wish to thank our Board and investors for their continued support, and all my colleagues for their work, vigilance and perseverance through these challenging times and look forward to better days ahead.

Joseph Purcell
Chief Executive Officer
11 March 2022

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.

Mincon manufactured product can be broken down into eight 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
8. Mast attachments for excavators

Mincon manufactured hammers, bits (including rotary bits), pipes and mast attachments 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 and the construction 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).

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.

STRATEGY OF THE GROUP
PRINCIPAL RISKS AND UNCERTAINTIES

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 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.

STRATEGY OF THE GROUP
PRINCIPAL RISKS AND UNCERTAINTIES
CONTINUED

PRINCIPAL RISKS RELATING TO THE GROUP'S INDUSTRY (CONTINUED)

The Group operates in countries with less developed legal systems

Some 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 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 nine 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.

STRATEGY OF THE GROUP
PRINCIPAL RISKS AND UNCERTAINTIES
CONTINUED

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.

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.

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 2021, the Group's top ten customers have accounted for approximately 28% 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 the communities where one or more of our plants is located, with a consequent material adverse effect on the Group's revenue and results.

Climate Change
The Group is at risk from climate change. This is demonstrated in ways such as pollution, access to resources which can effect supply chain, raw material prices, changes to local laws and regulations, increases in taxes and local tariffs. If the Group does not seek new methods of manufacturing to reduce our carbon footprint, or continue to resource raw materials from ethical supply chain, the Group risk to climate change will increase. The ongoing projects the Group is directly involved in relation to climate change can be viewed on our corporate website at **corporate.mincon.com/esg/environmental-governance/**

Cyber Risk
Cyber fraud is an increasing risks as the business relies more on online systems, this is inclusive of our manufacturing software systems, customer service systems and banking systems. The security and processes around the Group's IT and banking systems are subject to review by subsidiary management, regional management and Group management.

Mincon has adopted the appropriate controls and procedures to mitigate the risks detailed above. The Group has recruited experienced management with the necessary skills and experience to manage and alleviate risk where possible.

The Group management report to the Audit Committee annually with a detailed risk report, including all possible risks to the Group. This report covers, but is not limited to, level of acceptable risk to ensure that risk awareness is set at an appropriate level and mitigating factors around these risks. This enables execution of the Group's business strategy as outlined above while the comfort of mitigating the Group's overall risk exposure.

CHIEF FINANCIAL OFFICER'S REVIEW

We continued to develop the business in 2021 with further revenue growth both organically and through our 2021 acquisitions. In achieving this growth, we also addressed major operational hurdles, especially those brought about by the pandemic, including raw material supply shortages and disrupted sea freight conditions. The Group revenue grew by 11% in 2021 (10% on a constant currency basis), 8% organically and 3% through acquisitions.

The mining industry continued with its robust performance from 2020 into 2021 as the price of precious metals remained high throughout the year, along with a strong annual average iron ore price for 2021. Our revenue expansion in the mining industry was particularly encouraging, with organic growth of 16%.

Our ongoing development with a more direct sales approach in our European/Middle East and North America regions has paid dividends with a strong growth in the mining industry in these regions during the year, particularly in H2 2021.

Revenue in Australasia in H1 2021 was impacted by COVID-19 restrictions. There was some recovery in H2 2021 across this region as restrictions eased in a number of the region's countries. Africa is an important mining region for the Group, and we developed our operations further in the region in 2021 on the back of growth in 2020.

Our revenue growth in the construction industry in recent years has mainly been driven by supply for large geotechnical projects in North America. Given the nature and size of these construction projects, the tender process can take time to complete and therefore impacts on the recording of revenue year on year. During 2021 there were fewer larger construction projects in North America, though we have built a strong pipeline for 2022 and beyond.

We were successful in winning smaller construction projects in Europe in 2021 and overall, after taking account of our acquisition of Attakroc, total construction revenue for the Group grew by 7% in 2021.

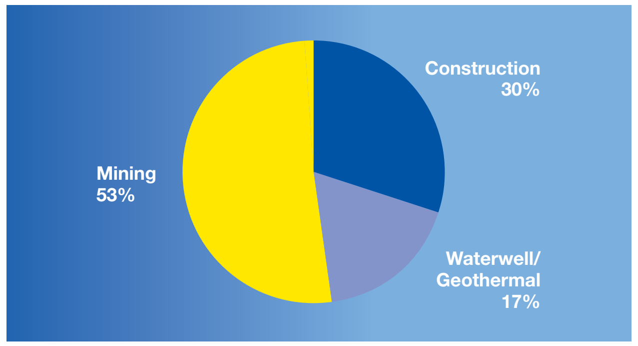
The majority of our waterwell/geothermal revenue was earned in Europe through the sale of our products for geothermal drilling and casing. We have a mature business in the European geothermal industry given our dominant market position. We are focused on new revenue opportunities in new geographical markets through acquisitions or start-ups to increase revenue in this industry. During 2021 we had growth of 5% in this industry and this was all achieved through acquisition.

GROSS MARGIN

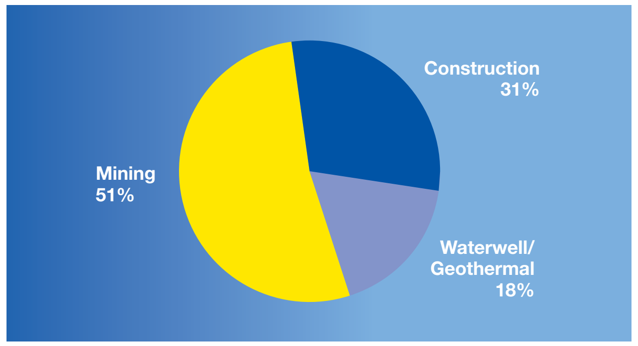
Our gross margin for 2021 increased by €3 million compared to 2020, this increase was achieved in H2 2021. This increase was achieved in H2 2021 through the additional capacity commissioned in our factories coupled with less pandemic related manufacturing interruption. However, our gross margin as a percentage decreased from 35.2% in 2020 to 33.8% in 2021. This decrease as a percentage was due to product mix, additional operational costs brought about by the on-going pandemic, raw material price increases and disruption in the freight industry.

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

2021 SALES MIX



2020 SALES MIX



GROSS MARGIN INCREASE 2021

€3M

Compared to 2020

GROUP REVENUE

UP 11%

On 2020

INCREASE IN MINING

UP 16%

On 2020

We increased the revenue earned in all product categories in 2021, however the increase was much higher on products with lower gross margin such as Mincon drill pipe and non-Mincon products. The change in mix of Mincon and non-Mincon product sales year on year was mostly due to the acquisition of Attakroc, this company sells a much larger proportion of non-Mincon products.

The COVID-19 pandemic had a direct impact on our manufacturing in January and February 2021. Up to 35% of our Shannon - based manufacturing employees were absent due to the pandemic restrictions at the worst point during that period. This reduced manufactured output volumes from this plant and lowered the gross margin as fixed overheads do not reduce accordingly. We also experienced similar pandemic related issues in our other plants, but to a lesser degree.

We incurred several raw material price increases during 2021, and at much higher percentages than prior years. We pass on increases in manufacturing input costs to customers, when it is possible to do so, therefore we may have to absorb these input costs in our gross margin for a period during a year. The frequency and level of raw material price increases during 2021 meant that we absorbed significantly more in 2021 than prior years.

The challenges experienced in the distribution of our products also impacted on our gross margin in 2021. We used additional air freight when sea freight timings were unfavourable. We also incurred a full year sea freight price increase that was introduced in 2020. As a result, our overall manufacturing freight cost increased by 18%. We were also compelled to purchase local non-Mincon products to fulfil our customer requirements when Mincon manufactured products were delayed in delivery due to freight interruptions at seaports, and this impacted adversely on our gross margin.

OPERATING PROFIT

We expanded the Group operational footprint in the Americas through the opening of new sales centres as we continued to develop our direct sales approach in the region. This increased employee costs and rent, and as a result impacted our operational profit for the year. As those new sales centres develop more local business, we expect to achieve improved returns on this investment in the coming years.

We also expanded our operations with the acquisition of Attakroc in Canada, Hammer Drill Rigs and Campbell's Welding & Fabrication in the USA. These businesses brought in new products, increased our sales footprint and provided additional expertise to support our growing product offering. These businesses increased our costs by 4% in 2021.

Our sales distribution costs increased significantly during the year, as we increased airfreight when sea freight estimated delivery times were not viable. Travel and marketing costs also increased in 2021, as our sales force physically visited our distribution network and attended trade shows to display and advertise our current product range and future product offerings.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

BALANCE SHEET

To ensure that the supply of products to our customers is on time and is available in the appropriate locations, and to ensure that our factories have a suitable level of raw material, we decided to invest further in our inventory during 2021. However, our inventory in terms of months on hand remained relatively flat compared with 2020.

The largest investment in inventory was in finished products, an increase of 18% (including acquisitions and on a constant currency basis). Our rationale behind the increase in finished product inventory was:

- Trans-ocean freight transit times doubled in 2021 and;
- We continued to build out or direct sales approach to increase market share.

The delivery of finished product from our factories to our customers and Mincon sales centres often encountered sea freight delays in 2021. We used airfreight to move smaller volumes of product if sea freight was not a viable option. Sea freight is the more cost-efficient method of transport for heavy products and is therefore the preferred option. Mincon manufactured product in transit increased by 34% due to trans-ocean sea freight times doubling during 2021.

Our continued direct sales approach, particularly in North America, required new sales and warehouse locations. Through these locations we increased our market share and footprint in North America.

The sourcing of raw material and the lead times on delivery were key challenges for our factories to overcome in 2021. To help mitigate those challenges we decided to invest further in our raw material inventory, which increased our holdings by 6%, on a constant currency basis, to ensure supply of all required material types and sizes. A shortage of a particular raw material could delay the completion of finished product and hence reduce the timely availability of products to customers which could endanger future supply contracts.

Our debtors increased by €2.9 million (on a constant currency basis and excluding acquisitions) during the year. The high level of turnover achieved during the final months of the year pushed our debtors days ahead of the prior year end by 8%.

We invested a net €6.8 million in capital equipment into the business in 2021, through this investment and the prior year investment we increased the capacity of our manufacturing plants. The standout investments for 2021 were the commissioning of a new PVA furnace in our carbide business in the UK, and a total refurbishment of our factory in Australia.

Our increase in net borrowings in 2021 was €8.4 million. We invested the majority of this into our factories through capital expenditure. The remaining borrowing was by way of overdraft facilities across the Group to fund increased working capital.

We paid out a total of €3 million in 2021 to bring other businesses into the Group, which is inclusive of 2021 acquisitions, non-business combinations and historical acquisitions. We also paid dividends of €6.7 million to our shareholders in 2021.

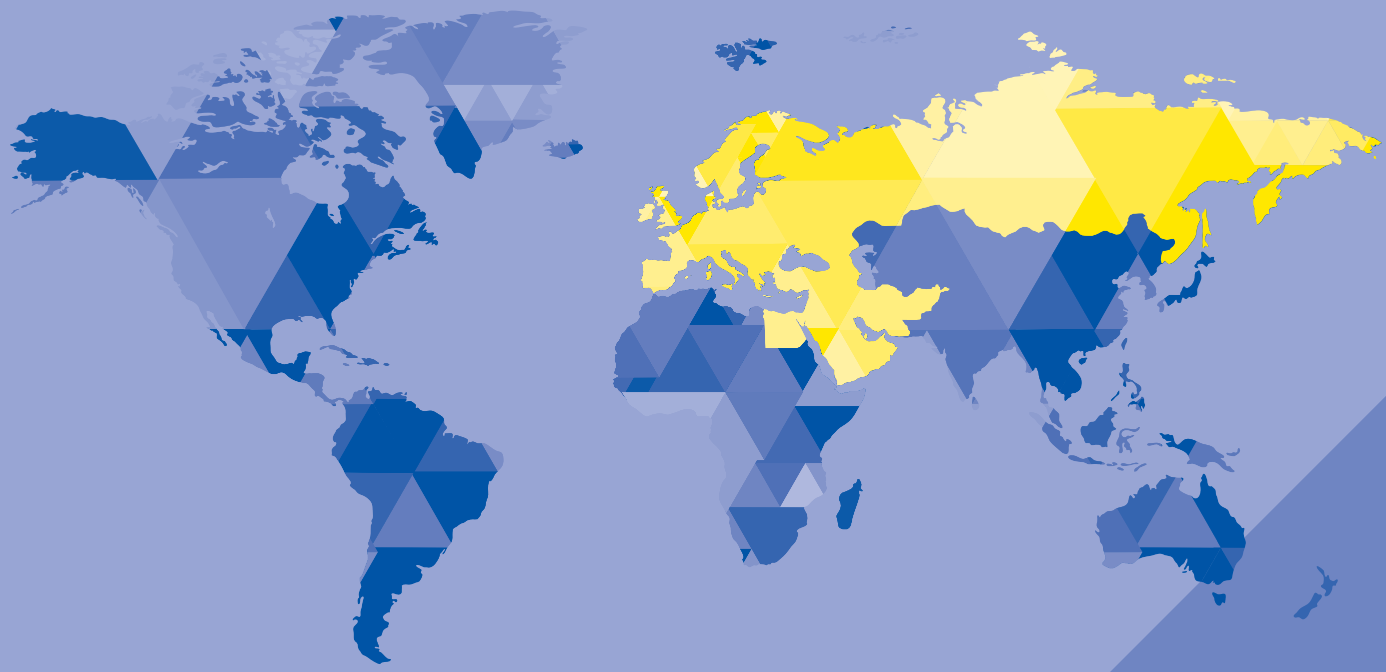
CONCLUDING COMMENTS

The year presented challenges in increased costs, raw material shortages and extended freight times due to the pandemic, but we expect a more normal trading environment as the effects of the pandemic begins to ease.

Our intention is to invest further in new and improved manufacturing techniques to increase efficiencies in our manufacturing processes, as the business continues to grow.

Mark McNamara
Chief Financial Officer
11 March 2022

EME EUROPE & MIDDLE EAST **REGION**



AVERAGE STAFF NUMBERS

297

COUNTRIES OFFICES

06

Ireland
Finland
Sweden
UK
France

NUMBERS OF CUSTOMER SERVICE CENTRES IN REGION

02

FACTORIES

04

- Factory floor space: 19,862 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

56

COUNTRIES WITH DIRECT REPRESENTATION

03

Australia
Papua New Guinea
Indonesia

NUMBERS OF CUSTOMER SERVICE CENTRES IN REGION

03

FACTORIES

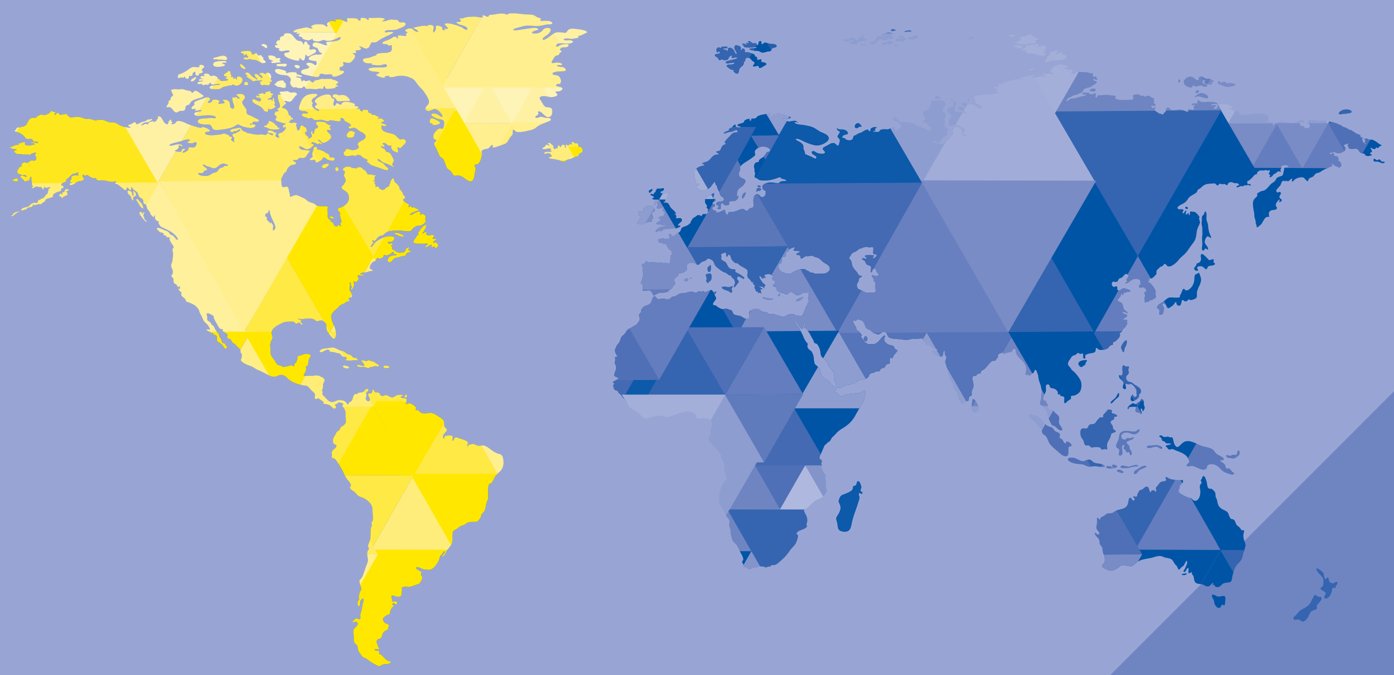
01

- 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

160

COUNTRIES WITH DIRECT REPRESENTATION

04

Canada
USA
Peru
Chile

NUMBERS OF CUSTOMER SERVICE CENTRES IN REGION

13

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

81

OFFICES

03

Region headquarters:
Las Palmas
Coutry office:
(South Africa, Namibia)

NUMBERS OF CUSTOMER SERVICE CENTRES IN REGION

04

FACTORIES

01

- Factory floor space: 2,216 SQM
- Manufacturing:
  Drill Pipes
  Drilling Accessories

MOST ACTIVE CUSTOMER MARKETS

- Production Mining
- Exploration Mining
- Waterwell

BOARD OF DIRECTORS

At 31 December 2021, the Board of Mincon comprised of four non-executive directors and two executive directors. Details of the directors are set out below:

NON-EXECUTIVE DIRECTORS

HUGH MCCULLOUGH
Age 71
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 75
Senior Independent Non-Executive

John 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 84
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 55
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.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

JOSEPH PURCELL
Age 55
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 50
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.

COMPANY SECRETARY

BARRY VAUGHAN
Age 39
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.

KEY MANAGEMENT

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:

EXECUTIVE MANAGEMENT

MARK MCNAMARA
Age 41
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 60
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.

JUSSI RAUTIAINEN
Age 57
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.

MARTIN VAN GEMERT
Age 57
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.

DIRECTORS' REPORT

The Directors present the directors' report and the consolidated financial statements of Mincon Group plc ("Mincon") for the year ended 31 December 2021.

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, and recently in January 2022 in Fruita, Colorado in the USA through the acquisition of Spartan Drill Tools.

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

- Highest design specifications
- Best manufacturing methods and processes and;
- 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.

BUSINESS REVIEW

Commentaries on performance in the year ended 31 December 2021, including information on recent events and likely future developments, as reviewed by the Board of Directors are contained in the Chairman's Statement (page 6 to 9), Chief Executive Officer's Review (page 10 to 13) and Chief Financial Officer's Review (page 20 to 22). The performance of the business and its financial position is included in the Chief Financial Officer's Review.

The Director's review KPI's for Operating Profit, Inventory and Debtors throughout the year.

The principal risks faced by the Group are reflected in the risk review section.

DIVIDEND

In June 2021, Mincon Group plc paid a final dividend for 2020 of €0.021 (2.10 cent) per ordinary share. In September 2021, Mincon Group plc paid an interim dividend for 2021 of €0.0105 (1.05 cent) per ordinary share.

The Directors recommend the payment of a final dividend of €0.0105 (1.05 cent) per share for the year ended 31 December 2021 (31 December 2020: 2.10 cent per 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
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	
Barry Vaughan	13 March 2020

DIRECTORS' REPORT
CONTINUED

SUBSTANTIAL SHAREHOLDERS

As at close of business on 11 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	56.32%
Setanta Asset Management	25,476,384	11.99%
Fidelity Investments (Boston)	20,036,326	9.43%
Invest fur Langfristige Investoren	18,773,990	8.84%

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.

A breakdown of the Directors' and Company Secretarys' interest in the issued shared capital of the company is detailed in page 46.

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 €3.9 million on research and development in 2021 (2020: €3.7 million), €1.1 million of which has been capitalised (2020: €1.1 million).

RESEARCH DEVELOPMENT INVESTMENT

€3.9M

2021

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 availed of the option to enter into overdraft facilities and to draw down loans of €15.2 million during 2021. Mincon Group has loans and borrowings totalling €34.5 million as at 31 December 2021, of which €11.2 million is recognised as current, as detailed in note 18 to the financial statements. The low level of total debt as a percentage of total assets and the availability of funds if required gives the directors comfort that there are minimal Going Concern indicators as at 31 December 2021.

The directors have also taken account of the financial outlook to 31 March 2023 which included reviewing the Group's cash flow forecast. The directors separately considered the Fair Value less Cost to Sell (FVLCS) impairment assessment highlighted in note 12 of the financial statements which did not indicate an impairment issue. This compounded with the Groups cash forecast review indicates the appropriateness of the Director's opinion on adopting the Going Concern basis of accounting. Mincon Group also has identified a number of other 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 to 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
11 March 2022

Joseph Purcell
Chief Executive Officer

At Mincon, we strive to be a responsible global business, which includes actions to reduce our impact on the environment.

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.

The Board 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 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. These meetings have been carried out by way of online video calls during the COVID-19 pandemic. 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 performance review of the Board and its committees in 2021. The main recommendations arising from the review were prioritised to be actioned during 2021/2022. The Board will have another independent review carried out in 2023.

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 executive directors 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 judgement to Board decisions.

There is a clear separation of the roles of Chief Executive Officer and Non-Executive Chairman. The 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 48 to 50.

STATEMENT OF DIRECTORS CORPORATE GOVERNANCE CONTINUED

NOMINATION COMMITTEE

Further details on the duties and activities of the Nomination Committee can be found in the Nomination Committee Report on page 51 to 53.

REMUNERATION COMMITTEE

Further details on the duties and activities of the Remuneration Committee can be found in the Remuneration Committee Report on page 54 to 56.

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 Euronext Growth Rules relating to directors' dealings as applicable to AIM and Euronext Growth 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 54 to 56.

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 2021 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	56.32%
Hugh McCullough	46,763	0.02%
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 2021 (2020: €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 11 March 2022.

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, as detailed on page 58 to 61. 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 and,
- comply with current energy and environmental legislation and protect the environment by minimising CO2 emissions.

You can see further details regarding these planned objectives on page 58 to 61.

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. There were no significant OHS incidents during the year. The Groups OHS policy can be viewed on our website at **https://mincon.com/our-company/health-safety.**

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 2021.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 2021, the Committee met on four 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. 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 Auditor (KMPG) 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 has 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 areas of significant judgement in respect of the financial statements for the year ended 31 December 2021. 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 64 to 68.

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 and KPMG, 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 15 to 19. 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 revisited the need for an Internal audit function during the year through engagement with the 'Groups' Finance Team and the Senior Management team. The Committee reviewed a summary report on the findings from the subsidiary compliance reviews completed to date. The Committee approved the continuation of these compliance reviews 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.

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 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 2021. 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 2021 meeting when the audit plan for the year ended 31 December 2021 was presented. 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 2021 and presented a final detailed report of their audit findings to the Committee at our meeting in March 2022. 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
11 March 2022

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 2021.This report details the Nomination Committee's responsibilities and how the Committee discharged these duties in 2021.

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 page 32 to 34. 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 2021, the Committee met on four occasions and all members were present at these meetings. **The matters dealt with by the Committee during 2021 included the following:**

Boardroom Diversity and search for a new non-executive director

The Committee agreed to recruit another independent non-executive board member. The candidate would ideally be non-Irish and female, satisfying both gender and geographical diversity criteria. They should also have experience and knowledge of the renewable energy sector as the Committee agreed that this sector was one which was likely to be a significant growth market for the Group in coming years. The Committee obtained the services of a recruitment firm to locate a suitable candidate and are in the process of finalising a visit to Group headquarters in Shannon for their preferred candidate once the Covid-19 situation permits.

Board Performance Evaluation

The Board engaged an external party to conduct a performance review of the Board and its committees in 2021. The main recommendations arising from the review were prioritised to be actioned during 2021/2022. The Board will have another independent review carried out in 2023.

Proposed ESG Reporting

The Committee discussed the Groups ESG performance as disclosed in our latest annual report. The Committee informed management that ESG reporting in the annual report could be strengthened and improved upon. As a result it's the Group's intention to complete a detailed review of our ESG performance with recommendations for improvement in the first half of 2022, and thus will be detailed in the 2022 annual report.

Review of Term Limits for Non-Executive directors

The Committee discussed proposed term limits for non-executive directors, and it was agreed that a normal term of 7 years followed by an additional potential term of up to 3 years with Board approval should be the appropriate limits. The Board approved this proposal from the Committee.

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 2021 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
11 March 2022

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 2021.This report details the Remuneration Committees responsibilities and how the Committee discharged these duties in 2021.

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 2021, the committee met on three occasions and all members were present at these meetings. **The matters dealt with by the Committee during 2021 included the following:**

Remuneration structure

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

Bonus scheme for senior management

The Committee agreed a short-term incentive program for the 2021 financial year, in line with the 2020 scheme, 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)

Vesting of 2018 share awards

The Committee considered whether the vesting conditions associated with the 2018 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 797,390 shares was met and accordingly recommended that the Board approve the issue of a corresponding number of shares.

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 unless the Remuneration Committee agrees otherwise
- 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 2,060,000 Ordinary Shares to 50 employees. The Committee recommended the approval of these awards to the Board. On the 20h April the Board approved the award of 2,060,000 options to 50 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 20th of April was therefore determined to be €1.35.

PERFORMANCE OUTCOME AND REMUNERATION FOR 2021

The Group's performance for 2021 was very good, particularly in light of the difficulties associated with the COVID-19 pandemic.

REMUNERATION COMMITTEE REPORT CONTINUED

DIRECTORS' REMUNERATION

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

	31 DECEMBER 2021					31 DECEMBER 2020				
NAME	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	-	-	60	-	60
Non-Executive Director Patrick Purcell	-	-	55	-	55	-	-	-	-	-
Non-Executive Director John Doris	-	-	55	-	55	-	-	55	-	55
Non-Executive Director Paul Lynch	-	-	50	-	50	-	-	50	-	50
Chief Executive Officer Joseph Purcell	200	64	-	29	293	200	85	-	29	314
Regional Executive-Americas Thomas Purcell	194	64	-	26	284	204	85	-	27	316
Total executive and non-executive remuneration	**394**	**128**	**220**	**55**	**797**	**404**	**170**	**165**	**56**	**795**

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
11 March 2022

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 Group financial statements in accordance with IFRS as adopted by the European Union ("EU") and as applied in accordance with the Companies Act 2014. The Directors have elected to prepare the parent Company financial statements in accordance with FRS 101 Reduced Disclosure Framework as applied in accordance with the provisions of 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

Joseph Purcell
Director

11 March 2022

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 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 across the Group. A quarterly company newsletter is published to update employees on different aspects of the business.

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.

CORPORATE ENVIRONMENTAL RESPONSIBILITY

At Mincon, we strive to be a responsible global business, which includes actions to reduce our impact on the environment.

Our Group goal is to achieve net zero emissions by 2040 – one decade ahead of the 2050 deadline for EU member states to achieve carbon neutrality.

Energy efficiency is the core focus of our engineering efforts. As such, we're also motivated to reduce the energy requirements – and related emissions – associated with the manufacturing of our products. Our engineering ethos complements our environmental approach, and as such our efficiently manufactured drilling solutions will continue delivering energy savings when in our customers' hands.

Our corporate environmental responsibility goals will be achieved by implementing guidelines set out in the Greenhouse Gas (GHG) protocol – a groupwide effort that will span all areas of our operations.

For our full environmental statement, emissions reduction plan, and related updates, please visit: corporate.mincon.com/esg/environmental

CORPORATE SOCIAL RESPONSIBILITY

Mincon has always been an active member of the communities in which it which it does business.

Originally founded in 1977, as a family-run business, our core values today continue to build on that heritage. **This includes:**

- Creating opportunities for those in need
- Making a positive impact on society
- Leaving a better world for the next generation

In addition to the Group-funded CSR activities, all Mincon businesses participate in programmes that benefit their local communities, such as;

- **Equality:** We are removing social obstacles for young girls to attend school in developing communities
- **Water:** We will be providing essential needs for schools such as clean water
- **Education:** We will be providing internet access for rural schools
- **Community:** We have been working with charities to give back to local communities around the world
- **Environment:** Offering waste-management systems and education and schools.

For our full CSR statement, social programmes, and updates, please visit: corporate.mincon.com/esg/social-responsibility.

GROUP FINANCIAL STATEMENTS

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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 2021 set out on pages 69 to 113, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company changes in Equity, the Consolidated Statement 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 2021 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. The directors have concluded there are no material uncertainties that may cast significant doubt over the Company's ability to continue as a going concern for at least twelve months from the date of approval of the financial statements ("the going concern period"). Our evaluation of the director's assessment of the Company's ability to continue to adopt the going concern basis of accounting included using our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

We considered whether the going concern disclosure in the Directors' report on page 39 and note 1 of the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and dependencies.

We also considered less predictable but realistic second order impacts that could affect demand in the Company's markets such as the prolonged impact of the COVID-19 pandemic on the Group's results and operations, from risks related to interruptions in raw materials supply, interruptions in end user markets through work stoppages and shipping difficulties.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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
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 (unchanged from 2020):

Revenue recognition: Cut-off (2021: €144.3 million; 2020: €129.9 million)
Refer to pages 75 to 76 (accounting policy) and page 83 (financial disclosures)

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
Revenue of €144.3 million was recognised for the year ended 31 December 2021 (2020: €129.9 million). There is a 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 other, 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 controls therein. • We agreed a sample of deliveries occurring near 31 December 2021 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 (2021: €40.2 million; 2020: €36.9 million)
Refer to page 78 (accounting policy) and pages 92 to 93 (financial disclosures)

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
Intangible assets and Goodwill of €40.2 million were recognised as at 31 December 2021 (2020: €36.9 million). An annual impairment test was performed in respect of goodwill and intangible assets at 31 December 2021. Conducting an impairment test to determine whether the carrying amount of assets is recoverable is complex and judgemental and involved 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 the balance sheet at year-end. • With the support of 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 discussion with management. • We reviewed the appropriateness of the accounting treatment of recognition of intangibles and adequacy of the disclosures in line with the 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.

Key Audit matter impacting the parent company
Investment in subsidiary undertakings (2021: €77.4 million; 2020: €67.2 million)
Refer to page 81 (accounting policy) and page 118 (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. The 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 (2020: €0.8 million).

This has been calculated using a benchmark of Group profit before taxation, from continuing operations (of which it represents 5% (2020: 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 €0.3 million (2020: €0.3 million), determined with reference to a benchmark of total assets, of which it represents 30%.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of €39,000 (2020: €40,000), in addition to other audit misstatements below that threshold that we believe warrant reporting on qualitative grounds.

Of the Group's 42 (2020: 43) reporting components, we subjected 11 (2020: 11) to full scope audits for Group purposes. An additional 3 components (2020: 2) 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 €109,000 to €430,000, 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 directors' report and 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' 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 balance sheet and the profit and loss account is 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 2021 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 57, 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 for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

Michael Gibbons

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

11 March 2022

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Notes	2021 €'000	2020 €'000
Continuing operations			
Revenue	4	144,362	129,903
Cost of sales	6	(95,599)	(84,186)
Gross profit		**48,763**	**45,717**
Operating costs	6	(30,656)	(27,468)
Operating profit		**18,107**	**18,249**
Finance costs	7	(927)	(857)
Finance income		20	42
Foreign exchange gain/(loss)		630	(376)
Movement on deferred consideration	23	(2)	11
Profit before tax		**17,828**	**17,069**
Income tax expense	11	(3,228)	(2,683)
Profit for the period		**14,600**	**14,386**
Profit attributable to:			
- owners of the Parent		14,600	14,221
- non-controlling interests	19	-	165
Earnings per Ordinary Share			
Basic earnings per share	21	6.87	6.72
Diluted earnings per share	21	6.69	6.57

The notes on pages 74 to 113 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 €'000	2020 €'000
Profit for the year	**14,600**	**14,386**
Other comprehensive loss		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation – foreign operations	2,865	(4,165)
Other	-	156
Other comprehensive income/(loss) for the year	2,865	(4,009)
Total comprehensive income for the year	**17,465**	**10,377**
Total comprehensive income attributable to:		
- owners of the Parent	**17,465**	**10,212**
- non-controlling interests	**-**	**165**

The notes on pages 74 to 113 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 €'000	2020 €'000
Non-Current Assets			
Intangible assets and goodwill	12	40,157	36,987
Property, plant and equipment	13	50,660	45,820
Deferred tax asset	11	1,075	1,093
Total Non-Current Assets		**91,892**	**83,900**
Current Assets			
Inventory and capital equipment	14	63,050	53,017
Trade and other receivables	15a	25,110	20,640
Prepayments and other current assets	15b	8,822	4,186
Current tax asset		521	311
Cash and cash equivalents	23	19,049	17,045
Total Current Assets		**116,552**	**95,199**
Total Assets		**208,444**	**179,099**
Equity			
Ordinary share capital	20	2,125	2,117
Share premium		67,647	67,647
Undenominated capital		39	39
Merger reserve		(17,393)	(17,393)
Share based payment reserve		2,695	2,259
Foreign currency translation reserve		(5,168)	(8,033)
Retained earnings		94,207	86,300
Total Equity		**144,152**	**132,936**
Non-Current Liabilities			
Loans and borrowings	18	23,265	14,789
Deferred tax liability	11	1,622	1,832
Deferred consideration	23	4,224	4,723
Other liabilities		852	503
Total Non-Current Liabilities		**29,963**	**21,847**
Current Liabilities			
Loans and borrowings	18	11,205	6,822
Trade and other payables	16	15,683	10,457
Accrued and other liabilities	16	6,027	5,529
Current tax liability		1,414	1,508
Total Current Liabilities		**34,329**	**24,316**
Total Liabilities		**64,292**	**46,163**
Total Equity and Liabilities		**208,444**	**179,099**

The notes on pages 74 to 113 are an integral part of these consolidated financial statements.

On behalf of the Board:

Hugh McCullough
Chairman

Joseph Purcell
Chief Executive Officer

11 March 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 €'000	2020 €'000
Operating activities:			
Profit for the period		14,600	14,386
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation	13	7,105	6,482
Amortisation of intangible assets	12	105	-
Movement on deferred consideration		2	(11)
Finance cost		927	857
Finance income		(20)	(42)
(Gain)/Loss on sale of property, plant and equipment		(177)	18
Income tax expense		3,228	2,683
Other non-cash movements		(633)	1,092
		25,137	**25,465**
Changes in trade and other receivables		(2,695)	919
Changes in prepayments and other assets		(4,502)	1,209
Changes in inventory		(7,468)	(3,228)
Changes in trade and other payables		5,240	(1,812)
Cash provided by operations		15,712	22,553
Interest received		20	42
Interest paid		(927)	(857)
Income taxes paid		(3,627)	(2,389)
Net cash provided by operating activities		**11,178**	**19,349**
Investing activities			
Purchase of property, plant and equipment		(7,567)	(7,222)
Proceeds from the sale of property, plant and equipment		543	331
Investment in intangible assets		(1,139)	(1,065)
Proceeds from the issuance of share capital		8	7
Acquisitions of subsidiary, net of cash acquired		(681)	(7,156)
Investment in acquired intangible assets		(275)	-
Payment of deferred consideration		(2,082)	(2,460)
Proceeds from the sale of subsidiaries		111	706
Net cash used in investing activities		**(11,082)**	**(16,859)**
Financing activities			
Dividends paid		(6,693)	(2,222)
Repayment of borrowings	18	(3,262)	(1,536)
Repayment of lease liabilities		(3,590)	(3,455)
Drawdown of loans	18	15,236	6,622
Purchase of NCI		-	(1,000)
Net cash provided by/(used in) financing activities		**1,691**	**(1,591)**
Effect of foreign exchange rate changes on cash		217	(222)
Net increase in cash and cash equivalents		**2,004**	**677**
Cash and cash equivalents at the beginning of the year		17,045	16,368
Cash and cash equivalents at the end of the year		**19,049**	**17,045**

The notes on pages 74 to 113 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	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 attributable to owner of the company €'000	Non-controlling interests €'000	Total equity €'000
Balances at 1 January 2020	**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:										
Issuance of share capital	7	-	-	-	-	-	-	7	-	7
Share based payments	-	-	-	-	630	-	-	630	-	630
Dividends	-	-	-	-	-	-	(2,222)	(2,222)	-	(2,222)
Total transactions with Shareholders	**7**	**-**	**-**	**-**	**630**	**-**	**(2,222)**	**(1,585)**	**-**	**(1,585)**
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**
Comprehensive income:										
Profit for the year	-	-	-	-	-	-	14,600	14,600	-	14,600
Other comprehensive income/(loss):										
Foreign currency translation	-	-	-	-	-	2,865	-	2,865	-	2,865
Total comprehensive income						**2,865**	**14,600**	**17,465**	**-**	**17,465**
Transactions with Shareholders:										
Issuance of share capital	8	-	-	-	-	-	-	8	-	8
Share-based payments	-	-	-	-	436	-	-	436	-	436
Dividends	-	-	-	-	-	-	(6,693)	(6,693)	-	(6,693)
Total transactions with Shareholders	**8**	**-**	**-**	**-**	**436**	**-**	**(6,693)**	**(6,249)**	**-**	**(6,249)**
Balances at 31 December 2021	**2,125**	**67,647**	**(17,393)**	**39**	**2,695**	**(5,168)**	**94,207**	**144,152**	**-**	**144,152**

The notes on pages 74 to 113 are an integral part of these consolidated 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 Euronext Growth 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 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 2021 and 31 December 2020.

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 Interest rate Benchmark Reform- Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) and it has not had a significant impact on the Groups financial statements.

The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

Effective 01/04/2021
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

Effective 01/01/2022
- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Reference to Conceptual Framework (Amendments to IFRS 3).

Effective 01/01/2023
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).c
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8).

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 or has completed a service over a set period (typically one month) for 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, or;
3. The customer accepts responsibility of the goods during transit that is in line with international commercial terms.

Where the Group provides a service to a customer, who also purchases Mincon manufactured product from the Group, the revenue associated with this service is separately identified in a set period (typically one month) and is recognised in the Groups revenue as it occurs.

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 or service. Discounts are provided from time-to-time to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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

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 calculated based on the profit for the year attributable to owners of the Company and the diluted weighted average number of shares outstanding.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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

(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.

Inventories and capital equipment

Inventories and capital equipment (rigs) 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. Goodwill is not amortised and is tested annually.

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

Development expenditure is capitalised only if the Group can demonstrate 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.

Acquired IP which has been obtained at a cost that can be measured reliably, and that meets the definition and recognition criteria of IAS38, will be accounted for as an intangible asset.

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 receiv¬ables 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 compre¬hensive income for the translation of intra-group receivables from, or liabilities to, a for-eign 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 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 consideration is classified as equity. In that case, there is no remeasurement and the subsequent settlement is accounted for within equity. Deferred 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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

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.

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 once the responsibility associated with control of the product has transferred to the customer. 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: Deferred consideration

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. These are set amounts detailed in each contract.

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.

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 consideration

The deferred 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 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.

The Group applies the simplified approach to providing for expected credit losses (ECL) permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive chains of non-payment to write-off.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. Where recoveries are made, these are recognised in the Consolidated Income Statement.

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.

	2021 €'000	2020 €'000
Product revenue:		
Sale of Mincon product	118,802	108,556
Sale of third-party product	25,560	21,347
Total revenue	**144,362**	**129,903**

5. OPERATING SEGMENT

An operating segment is a component of the Group that engages in busi¬ness 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 deci¬sions 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 operating profit. Segment revenue for the year ended 31 December 2021 of €144.4 million (2020: €129.9 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 ten 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):

	2021 €'000	2020 €'000
Region:		
Ireland	1,859	1,487
Americas	45,908	43,640
Australasia	17,327	24,754
Europe, Middle East, Africa	79,268	60,022
Total revenue from continuing operations	**144,362**	**129,903**

During 2021 Mincon had sales in the USA of €24.4 million (2020: €24.7 million), Australia of €14.7 million (2020: €14.6 million, these separately contributed to more than 10% of the entire Group's sales for 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. OPERATING SEGMENT (CONTINUED)

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

	2021 €'000	2020 €'000
Region:		
Americas	14,682	11,310
Australasia	11,838	11,338
Europe, Middle East, Africa	64,297	60,159
Total non-current assets[1]	**90,817**	**82,807**

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

During 2021 Mincon held non-current assets (excluding deferred tax assets) in Ireland of €18.3 million (2020: €18.3 million), in the USA of €10.7 million (2020: €9.4 million) these separately contributed to more than 10% of the entire Group's non-current assets (excluding deferred tax assets) for 2021.

6. COST OF SALES AND OPERATING EXPENSES

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

Cost of sales

	2021 €'000	2020 €'000
Raw materials	37,081	32,860
Third-party product purchases	19,275	16,098
Employee costs	19,764	17,504
Depreciation (note 13)	4,801	4,216
In bound costs on purchases	3,772	3,106
Energy costs	2,188	1,623
Maintenance of machinery	1,711	1,392
Subcontracting	5,463	5,364
Other	1,544	2,023
Total cost of sales	**95,599**	**84,186**

The Group invested approximately €3.9 million on research and development projects in 2021 (2020: €3.7 million). €2.8 million of this has been expensed in the period (2020: €2.6 million), with the balance of €1.1 million of development costs capitalised (2020: €1.1 million) (note 12).

Operating costs

	2021 €'000	2020 €'000
Employee costs (including director emoluments)	18,615	17,438
Depreciation (note 13)	2,304	2,266
Amortisation of acquired IP	105	-
Travel	1,238	964
Professional costs	2,589	2,291
Administration	2,841	2,007
Marketing	694	542
Legal cost	629	878
Other	1,641	1,082
Total other operating costs	**30,656**	**27,468**

The Group recognised €450,000 in Government Grants in 2021 (2020: €1.3 million). These grants differ in structure from country to country, they primarily relate to personnel costs.

Included in professional costs are acquisition costs of €63,000, relating to acquisition of Attakroc and the acquisition of the IP of Campbell's Welding and Fabrication. Also included in professional fees is costs relating to the Non-Business Combination of Hammer Drill Rigs for 2021.

7. FINANCE COSTS

	2021 €'000	2020 €'000
Interest on lease liabilities	684	741
Interest on loans and borrowings	243	116
Finance costs	**927**	**857**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8. EMPLOYEE INFORMATION

	2021 €'000	2020 €'000
Wages and salaries – excluding directors	31,830	28,753
Wages, salaries, fees and retirement benefit – directors (note 10)	797	795
Social security costs	3,357	3,029
Retirement benefit costs of defined contribution plans	1,959	1,735
Share based payment expense (note 22)	436	630
Total employee costs	**38,379**	**34,942**

In addition to the above employee costs, the Group capitalised payroll costs of €700,000 in 2021 (2020: 500,000) in relation to development.

At 31 December 2021 there was €256,000 (2020: €219,000) accrued for and not in paid pension contributions.

The average number of employees was as follows:

	2021 Number	2020 Number
Sales and distribution	136	126
General and administration	75	66
Manufacturing, service and development	383	360
Average number of persons employed	**594**	**552**

Retirement benefit and Other Employee Benefit Plans

The Group operates various defined contribution retirement benefit plans. During the year ended 31 December 2021, the Group recorded €2 million (2020: €1.7 million) of expense in connection with these plans.

9. ACQUISITIONS & DISPOSALS

In June 2021, Mincon acquired the business of Campbell's Welding & Fabrication, for a consideration of €421,000. This was made up of a cash consideration of €84,000 and deferred consideration of €337,000. Mincon acquired Campbell's Welding & Fabrication to bring in-house their knowhow and processes.

In June 2021, Mincon acquired 100% shareholding in Attakroc, a Canadian-based mining and construction product distributor, for a consideration of €1.8 million. The Group acquired Attakroc to bring in-house their vast experience in selling and servicing the mining and construction industries in western Canada. Attakroc brings their knowledge of the local market conditions and give Mincon a distinctive advantage in this region. The transaction included a cash consideration of €600,000 and deferred consideration of €1.2 million.

A. Consideration transferred

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

	Campbell Welding & Fabrication €'000	Attakroc €'000	Total €'000
Cash	84	597	681
Deferred onsideration	337	1,227	1,564
Total consideration transferred	**421**	**1,824**	**2,245**

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	176
Right of use assets	39
Inventories	958
Trade receivables	1,174
Other assets	15
Trade and other payables	(699)
Right of use liabilities	(39)
Other accruals and liabilities	(615)
Fair value of identifiable net assets acquired	**1,009**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9. ACQUISITIONS & DISPOSALS (CONTINUED)

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.

	Attakroc €'000	Total €'000
Consideration transferred	1,824	1,824
Fair value of identifiable net assets	(1,009)	(1,009)
Goodwill	**815**	**815**

10. STATUTORY AND OTHER REQUIRED DISCLOSURES

Operating profit is stated after charging the following amounts:

	2021 €'000	2020 €'000
Directors' remuneration		
Fees	220	165
Wages and salaries	522	574
Retirement benefit contributions	55	56
Total directors' remuneration	**797**	**795**

Auditor's remuneration

	2021 €'000	2020 €'000
Auditor's remuneration – Fees payable to lead audit firm		
Audit of the Group financial statements	205	205
Audit of the Company financial statements	15	15
Other assurance services	20	20
	240	**240**
Auditor's remuneration – Fees payable to other firms in lead audit firm's network		
Audit services	149	112
Other assurance services	3	2
Tax advisory services	-	9
Total auditor's remuneration	**152**	**123**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. INCOME TAX

Tax recognised in income statement:

	2021 €'000	2020 €'000
Current tax expense		
Current year	3,427	3,224
Adjustment for prior years	(7)	(103)
Total current tax expense	3,420	3,121
Deferred tax expense		
Origination and reversal of temporary differences	(192)	(438)
Adjustment for prior years	-	-
Total deferred tax expense	(192)	(438)
Total income tax expense	**3,228**	**2,683**

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:

	2021 €'000	2020 €'000
Profit before tax from continuing operations	17,828	17,069
Irish standard tax rate (12.5%)	*12.5%*	*12.5%*
Taxes at the Irish standard rate	2,229	2,134
Foreign income at rates other than the Irish standard rate	691	849
Losses created/(utilised)	277	(843)
Other	31	543
Total income tax expense	**3,228**	**2,683**

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

	2021 €'000	2020 €'000
Deferred taxation assets:		
Reserves, provisions and tax credits	741	585
Accrued income	-	31
Tax losses and unrealised FX gains	334	477
Total deferred taxation asset	1,075	1,093
Deferred taxation liabilities:		
Property, plant and equipment	(1,332)	(1,780)
Profit not yet taxable	(290)	(52)
Total deferred taxation liabilities	(1,622)	(1,832)
Net deferred taxation liability	(547)	(739)

11. INCOME TAX (CONTINUED)

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

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)

1 January 2021 – 31 December 2021	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	585	156	-	741
Accrued income	31	(31)	-	-
Tax losses	477	(143)	-	334
Total deferred taxation asset	1,093	(18)	-	1,075
Deferred taxation liabilities:				
Property, plant and equipment	(1,780)	448	-	(1,332)
Profit not yet taxable	(52)	(238)	-	(290)
Total deferred taxation liabilities	(1,832)	210	-	(1,622)
Net deferred taxation liability	(739)	192	-	(547)

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

	2021 €'000	2020 €'000
Tax losses	566	843
Total	566	843

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12. INTANGIBLE ASSETS AND GOODWILL

	Product development	Goodwill	Acquired intellectual property	Total
	€'000	€'000	€'000	€'000
Balance at 1 January 2020	**4,782**	**27,155**	**-**	**31,937**
Internally developed	1,065	-	-	1,065
Acquisitions	-	4,533	-	4,533
Translation differences	-	(548)	-	(548)
Balance at 31 December 2020	**5,847**	**31,140**	**-**	**36,987**
Internally developed	1,139	-	-	1,139
Acquisitions (note 9)	-	815	-	815
Acquired intellectual property	-	-	696*	696
Amortisation of intellectual property	-	-	(105)	(105)
Translation differences	-	590	35	625
Balance at 31 December 2021	**6,986**	**32,545**	**626**	**40,157**

* Included is €275,000 for the Non-Business Combination of Hammer Drilling Rigs in January 2021. Also included is the acquisition of the IP of Campbell Welding & Fabrication €421,000.

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 and Mincon Tanzania in March 2015.
- The acquisition of Premier in November 2016.
- 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 acquisition of Attakroc in June 2021.

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.

12. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

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.

The carrying amount of the CGU was determined to be lower than its fair value less cost to sell by €42.9 million (2020: €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:

	2021	2020
WACC	9.60%	10.50%
EBIDTA margin	16.69%	17.84%
Long term growth rate	2.24%	2.25%
Terminal value capital expenditure	€9.3 million	€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 8.70% to 10.50%. This results in a midpoint WACC being used of 9.6%.

The Long term growth rate of 2.24% 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 16.69% for 2024 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, capital expenditure is assumed to equal depreciation of €9.3 million.

The following table shows the amount by which the two assumptions below would need to change to individually for the estimated recoverable amount to be equal to the carrying amount.

	2021	2020
WACC	10.60%	13.28%
Long term growth rate	1.48%	1.50%

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings €'000	Plant and Equipment €'000	ROU Assets €'000	Total €'000
Cost:				
At 1 January 2020	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**
Acquisitions through business combinations	-	176	39	215
Additions	1,524	6,043	3,419	10,986
Disposals and derecognition of ROU assets	(264)	(570)	(1,022)	(1,856)
Foreign exchange differences	496	1,586	122	2,204
At 31 December 2021	**18,047**	**58,775**	**9,445**	**86,267**
Accumulated depreciation:				
At 1 January 2020	(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)**
Charged in year	(524)	(4,685)	(1,896)	(7,105)
Disposals	18	450	866	1,334
Foreign exchange differences	(79)	(786)	(73)	(938)
At 31 December 2021	**(4,005)**	**(27,853)**	**(3,749)**	**(35,607)**
Carrying amount: 31 December 2021	**14,042**	**30,922**	**5,696**	**50,660**
Carrying amount: 31 December 2020	**12,871**	**28,708**	**4,241**	**45,820**
Carrying amount: 1 January 2020	**13,201**	**24,483**	**3,488**	**41,172**

ROU assets includes Property of €5 million (2020: €3.6 million) and Plant and Equipment of €700,000 (2020: €1.1 million).

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

	2021 €'000	2020 €'000
Cost of sales	4,413	3,744
Cost of sales ROU assets	388	472
Operating expenses	796	922
Operating expenses ROU asset	1,508	1,344
Total depreciation charge for property, plant and equipment	**7,105**	**6,482**

14. INVENTORY AND CAPITAL EQUIPMENT

	2021 €'000	2020 €'000
Finished goods	42,396	34,120
Work-in-progress	9,596	8,206
Raw materials	11,058	10,187
Capital equipment	-	504
Total inventory	**63,050**	**53,017**

The Group recorded an impairment of €22,000 against inventory to take account of net realisable value during the year ended 31 December 2021 (2020: €80,000). Write-downs are included in cost of sales.

At 31 December 2020, capital equipment are rigs held in South Africa for resale, during 2021 these rigs were sold.

15. TRADE AND OTHER RECEIVABLES AND OTHER CURRENT ASSETS

(a) Trade and other receivables

	2021 €'000	2020 €'000
Gross receivable	26,047	21,830
Provision for impairment	(937)	(1,190)
Net trade and other receivables	25,110	20,640

	Provision for impairment €'000
Balance at 1 January 2021	(1,190)
Reduction in provision arising from prior years receivables impairment	136
Reduction in ECL model	117
Balance at 31 December 2021	(937)

The following table provides the information about the exposure to credit risk and ECL's for trade receivables as at 31 December 2021.

	Weighted average loss rate %	Gross carrying amount €'000	Loss allowance €'000
Current (not past due)	1%	19,804	198
1-30 days past due	5%	3,749	187
31-60 days past due	14%	1,649	230
61 to 90 days	17%	628	106
More than 90 days past due	100%	216	216
Net trade and other receivables		26,047	937

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

15. TRADE AND OTHER RECEIVABLES AND OTHER CURRENT ASSETS (CONTINUED)

The following table provides the information about the exposure to credit risk and ECL's for trade receivables as at 31 December 2020.

	Weighted average loss rate %	Gross carrying amount €'000	Loss allowance €'000
Current (not past due)	2%	12,709	254
1-30 days past due	5%	5,169	258
31-60 days past due	14%	1,350	189
61 to 90 days	9%	2,312	199
More than 90 days past due	100%	290	290
Net trade and other receivables		21,830	1,190

(b) Prepayments and other current assets

	2021 €'000	2020 €'000
Plant and machinery prepaid	5,781	1,597
Prepayments and other current assets	3,041	2,589
Prepayments and other current assets	8,822	4,186

16. TRADE CREDITORS, ACCRUALS AND OTHER LIABILITIES

	2021 €'000	2020 €'000
Trade creditors	15,683	10,457
Total creditors and other payables	**15,683**	**10,457**

	2021 €'000	2020 €'000
VAT	31	390
Social security costs	768	1,088
Other accruals and liabilities	5,228	4,051
Total accruals and other liabilities	**6,027**	**5,529**

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).

	2021 €'000	2020 €'000
Total liabilities	(64,292)	(46,163)
Less: cash and cash equivalents	19,049	17,045
Net debt	**(45,243)**	**(29,118)**
Total equity	**144,152**	**132,936**
Net debt to equity ratio	**0.31**	**0.22**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

18. LOANS AND BORROWINGS

	Maturity	2021 €'000	2020 €'000
Bank loans	2022-2036	23,391	11,090
Lease Liabilities	2022-2031	11,079	10,521
Total loans and borrowings		**34,470**	**21,611**
Current		11,205	6,822
Non-current		23,265	14,789

The Group has a number of bank loans and lease liabilities 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 loans are secured against the assets for which they have been drawn down for.

The Group has been in compliance with all debt agreements during the periods presented. The loan agreements in Ireland of €10.5 million (2020: €4 million) carry restrictive financial covenants including, EBITA to be no less than €18 million at end of each reporting period, interest cover to be 3:1 and to maintain a minimum cash balance of €5 million.

Interest rates on current borrowings are at an average rate of 4.64%

During 2021, the Group availed of the option to enter into overdraft facilities and to draw down loans of €15.2 million, €12.4 million in loans and €2.8 million in overdraft facilities. At 31 December 2021, Mincon Group has €2.5 million to drawdown on existing loan facilities.

Loans are repayable in line with their specific terms, the Group has one bullet repayment due in 2026 of €5 million.

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

	Balance at 1 January 2021 €'000	Arising from acquisition €'000	Cash movements €'000	Non-cash movements €'000	Foreign exchange differences €'000	Balance at 31 December 2021 €'000
Loans and borrowings	**11,090**	83	11,974	-	244	**23,391**
Lease liabilities	10,521	39	(3,590)	3,943	166	**11,079**
Total	**21,611**	**122**	**8,384**	**3,943**	**410**	**34,470**

	Interest rate range	Effective interest rate
Bank loans	1% - 7.8%	3.4%
Lease Liabilities	2% - 15%	5.4%

19. NON-CONTROLLING INTEREST

The following table summarises the information relating to the Group's subsidiary, Mincon West Africa SL, 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%.

Non-controlling Interest 20%	2021 €'000	2020 €'000
Non-current assets	-	-
Current assets	-	-
Non-current liabilities	-	-
Current liabilities	-	-
Net assets	-	-
Net assets attributable to NCI	**-**	**-**
Revenue	-	6,919
Profit	-	826
OCI	-	-
Total comprehensive income	-	826
Profit allocated to NCI	**-**	**165**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20. SHARE CAPITAL AND RESERVES

At 31 December 2021 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	212,472,413	2,125

	2021	2020
Opening Share Capital	211,675,024	210,973,102
Share Awards vested during year	797,389	701,922
Authorised Share Capital	**212,472,413**	**211,675,024**

Share issuances

On 26 November 2013, Mincon Group plc was admitted to trading on the Euronext Growth 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 June 2021, Mincon Group plc paid a final dividend for 2020 of €0.021 (2.10 cent) per ordinary share (€4.5 million).

In September 2021, Mincon Group plc paid an interim dividend in the amount of €0.0105 (1.05 cent) per ordinary share (€2.2 million total payment), which was paid to shareholders on the register at the close of business on 20 August 2021.

The Directors recommend the payment of a final dividend of €0.0105 (1.05 cent) per share for the year ended 31 December 2021 (31 December 2020: 2.10 cent per share).

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:**

	2021 €'000	2020 €'000
Numerator (amounts in €'000):		
Profit attributable to owners of the Parent	14,600	14,221
Denominator (Number):		
Basic shares outstanding	212,472,413	211,675,024
Restricted share awards	5,820,000	4,825,517
Diluted weighted average shares outstanding	218,292,413	216,500,544
Earnings per Ordinary Share		
Basic earnings per share, €	6,87	6.72
Diluted earnings per share, €	6.69	6.57

22. SHARE-BASED PAYMENT

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.

i.) Share Awards

In March 2021, 516,128 Restricted Share Awards (RSAs) met the vesting conditions set down by the board of directors and were allotted to the recipients of the awards.

In April 2021, a further 281,261 Restricted Share Awards (RSAs) met the vesting conditions set down by the board of directors and were allotted to the recipients of the awards.

Reconciliation of outstanding share awards	Number of Awards in thousand
Outstanding on 1 January 2021	**844**
Forfeited during the year	(47)
Exercised during the year	(797)
Granted during the year	-
Outstanding at 31 December 2021	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22. SHARE-BASED PAYMENT (CONTINUED)

ii.) Share Options

During the year ended 31 December 2021, the Remuneration Committee made a grant of approximately 2,060,000 Restricted Share Options (RSAs) to members of the senior management team.

Reconciliation of outstanding share awards	Number of Awards in thousand
Outstanding on 1 January 2021	3,981
Forfeited during the year	(221)
Exercised during the year	-
Granted during the year	2,060
Outstanding at 31 December 2021	**5,820**

LTIP Scheme	2021 Conditional Award at Grant Date	2020 Conditional Award at Grant Date
Conditional Award Invitation date	April 2021	April 2020
Year of Potential vesting	2024/2028	2023/2027
Share price at grant date	€1.35	€0.80
Exercise price per share/share options	€1.35	€0.80
Expected Volatility	36.57%	36.81%
Expected life	7 years	7 years
Risk free rate	(0.53%)	(0.50%)
Expected dividend yield	1.58%	2.53%
Fair value at grant date	€0.39	€0.21
Valuation model	Black & Scholes Model	Black & Scholes Model

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 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 2021 and 31 December 2020 were as follows:**

	2021 €'000	2020 €'000
Cash and cash equivalents	19,049	17,045
Loans and borrowings	34,470	21,611
Shareholders' equity	144,152	132,936

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Liquidity and capital (continued)

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

	31 December 2021 €'000	31 December 2020 €'000
Ireland	4,760	1,870
Americas	3,136	2,989
Australasia	1,108	1,723
Europe, Middle East, Africa	10,045	10,463
Total cash, cash equivalents and short term deposits	19,049	17,045

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 Current Value of Cash Flows €'000	Total Undiscounted contractual Cash Flows €'000	Less than 1 Year €'000	1-3 Years €'000	3-5 Years €'000	More than 5 Years €'000
At 31 December 2020:						
Deferred consideration	4,723	4,803	2,068	2,252	370	113
Loans and borrowings	11,090	11,313	3,666	3,991	1,937	1,719
Lease liabilities	10,521	10,742	3,155	5,534	1,936	117
Trade and other payables	10,457	10,457	10,457	-	-	-
Accrued and other financial liabilities	5,529	5,529	5,529	-	-	-
Total at 31 December 2020	42,320	42,844	24,875	11,777	4,243	1,949
At 31 December 2021:						
Deferred consideration	4,224	4,281	2,319	1,759	203	-
Loans and borrowings	23,391	23,866	7,565	7,163	4,409	4,729
Lease liabilities	11,079	11,302	3,640	5,249	1,699	714
Trade and other payables	15,683	15,683	15,683	-	-	-
Accrued and other financial liabilities	6,027	6,027	6,027	-	-	-
Total at 31 December 2021	60,404	61,159	35,234	14,171	6,311	5,443

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 the appropriateness of this policy.

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. Changes in the exchange rate year on year between the reporting currencies of these operations and the Euro, have an impact on the Group's consolidated reported result.

The Group's worldwide presence creates currency volatility when compared year on year. During 2021, currencies were 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 increased by 7% against the closing 2020 euro rate (2020 decrease of 9% against 2019).
- The Australian dollar increased by 2% against the closing 2020 euro rated (2020 remained flat against 2019).
- The South African rand remained flat against the closing 2020 euro rated (2020 decrease of 14% against 2019).
- The Swedish Krona has decreased 2% against the closing 2020 euro rated (2020 increase of 4% against 2019).

In 2021, 54% (2020: 57%) of Mincon's revenue €144 million (2020: €130 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.

The Group is also exposed to foreign currency risk on its liquid resources (cash), of which the euro equivalent of €4.8 million was held in US dollar (USD 5.5 million), €2.5 million was held in Swedish krona (SEK 25.6 million) and the euro equivalent of €1.1 million was held in Australian dollar (AUD 1.7 million).

	2021		2020	
Euro exchange rates	Closing	Average	Closing	Average
US Dollar	1.13	1.18	1.22	1.14
Australian Dollar	1.56	1.57	1.59	1.66
South African Rand	18.06	17.47	17.91	18.76
Swedish Krona	10.26	10.14	10.06	10.48

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2021 and 31 December 2020 by geographic region was as follows:

	2021 €'000	2020 €'000
Americas	7,969	7,298
Australasia	3,330	2,540
Europe, Middle East, Africa	13,811	10,802
Total amounts owed	**25,110**	**20,640**

d) Interest rate risk

Interest Rate Risk on financial liabilities

There were no significant changes in interest rates during 2021 and therefore there was no significant impact. Movements in interest rates had no significant impact on our financial liabilities or finance cost recognised in either 2020 or 2021.

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.

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.

f) Deferred consideration

The movements in respect of the deferred consideration value in the year to 31 December 2021 are as follows:

	Deferred contingent consideration €'000
Balance at 1 January 2021	4,723
Arising on acquisition	1,564
Cash payment	(2,082)
Foreign currency translation adjustment	17
Unwinding of discount on deferred consideration	2
Balance at 31 December 2021	**4,224**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. SUBSIDIARY UNDERTAKINGS

At 31 December 2021 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 Mincon Canada) 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
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	100%	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
Mincon Canada – Western Service Centre (previously Pacific Bit of Canada) Sales company	100%	3568-191 Street, Unit 101, Surrey BC, V3Z 0P6, 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 Dormant company	100%	Gidgegannup, WA 6083, Australia
Mincon Chile Sales company	100%	Av. La Dehesa #1201, Torre Norte, Lo Barnechea, Santiago, Chile
Mincon Tanzania Dormant company	100%	Plot 1/3 Nyakato Road, Mwanza, Tanzania
Mincon Namibia Pty Ltd Sales company	100%	Ausspannplatz, Windhoek, Namibia
Mincon Russia Dormant Company	100%	4,4 Lesnoy In,125047 Moscow, Russia

24. SUBSIDIARY UNDERTAKINGS (CONTINUED)

At 31 December 2021 the Group had the following subsidiary undertakings:

Company	Group Share %	Registered Office and Country of Incorporation
Mincon Mining Equipment Inc Sales company	100%	19789-92a Avenue, Langley, British Columbia V1M3B3, Canada
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
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 Manufacturing facility	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 Sales company	100%	Rue Charles Rolland, 29650 Guerlesquin, France
Attakroc Inc Sales company	100%	601, rue Adanac, Quebec, G1C 7G6, Canada
Mincon Quebec Holding company	100%	601, rue Adanac, Quebec, G1C 7G6, Canada

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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 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**

	31 December 2021 €'000
Balance at 1 January	4,241
Depreciation charge for the year	(1,896)
Additions to right of use assets	3,458
Disposal of right of use asset	(156)
Derecognition of right of use asset*	-
Foreign exchange difference	49
Balance at 31 December 2021	**5,696**

*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.

	2021 €'000	2020 €'000
Interest on lease liabilities	308	332
Expenses related to short term leases	311	314
Expenses related to leases of low value assets	65	95
-Leases under IFRS 16	**684**	**741**

25. LEASES (CONTINUED)

(iii) Amounts recognised in statement of cash flows

	2021 €'000	2020 €'000
Total cash outflow for leases	3,590	3,455
Total cash outflow of leases	**3,590**	**3,455**

(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 €194,000.

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 2021 €'000	31 December 2020 €'000
Less than one year	192	188
One to two years	146	185
Two to three years	-	140
Balance at 31 December 2021	**338**	**513**
Unearned finance income	(22)	(43)
Total undiscounted lease receivable	**316**	**470**

(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 2021 was €214,000 (2020: €213,000).

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 2021 €'000
Less than one year	65
One to two years	20
Total	**85**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

26. COMMITMENTS

The following capital commitments for the purchase of property, plant and equipment had been authorised by the directors at 31 December 2021:

	31 December 2021 €'000	31 December 2020 €'000
Contracted for	2,837	3,044
Not-contracted for	772	521
Total	**3,609**	**3,565**

27. LITIGATION

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

28. RELATED PARTIES

As at 31 December 2021, the share capital of Mincon Group plc was 56.32% 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 June 2021, the Group paid a final dividend for 2020 of €0.210 to all shareholders. The total dividend paid to Kingbell Company was €2,411,545.

In September 2021, the Group paid an interim dividend for 2021 of €0.0105 to all shareholders. The total dividend paid to Kingbell Company was €1,261,385 (September 2020: €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 2021 and 2020. The Group has amounts owing to directors of €Nil as at 31 December 2021 and 2020.

Key management compensation

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

	2021 €'000	2020 €'000
Short term employee benefits	1,514	1,441
Bonus and other emoluments	320	347
Post-employment contributions	145	126
Social security costs	109	86
Share based payment charged in the year	221	96
Total	**2,309**	**2,096**

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 final dividend for the year ended 31 December 2021 in the amount of €0.0105 (1.05 cent) per ordinary share, which will be subject to approval at the Annual General Meeting of the Company in May 2022. Subject to Shareholder approval at the Company's annual general meeting, the final dividend will be paid on 17 June 2022 to Shareholders on the register at the close of business on 27 May 2022.

Acquisition of the Spartan Drilling Tools

On 1 January 2022, the Group acquired 100% shareholding in Spartan Drilling Tools, a manufacturer of drill pipe and related products based in the USA for a consideration of €925,000. The goodwill arising on acquisition is circa €200,000, with expected 2022 revenue of €3 million.

30. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on 11 March 2022.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 €'000	2020 €'000
Non-Current Assets			
Investments in subsidiary undertakings	3	77,352	67,242
Total Non-Current Assets		**77,352**	**67,242**
Current Assets			
Loan amounts owing from subsidiary companies	5	12,666	25,447
Other assets		76	90
Cash and cash equivalents	5	4,041	1,334
Total Current Assets		**16,783**	**26,871**
Total Assets		**94,135**	**94,113**
Equity			
Ordinary share capital	2	2,125	2,117
Share premium		67,647	67,647
Undenominated capital		39	39
Share based payment reserve		2,695	2,259
Retained earnings		10,415	17,260
Total Equity		**82,921**	**89,322**
Non-Current Liabilities			
Loans and borrowings	7	9,000	3,000
Total Non-Current Liabilities		**9,000**	**3,000**
Current Liabilities			
Loans and borrowings	7	1,500	1,000
Accrued and other liabilities		556	633
Amounts owed to subsidiary companies	5	158	158
Total Current Liabilities		**2,214**	**1,791**
Total Liabilities		**11,214**	**4,791**
Total Equity and Liabilities		**94,135**	**94,113**

The accompanying notes on page 117 to 119 are an integral part of these financial statements.

On behalf of the Board:

Hugh McCullough
Chairman

Joseph Purcell
Chief Executive Officer

11 March 2022

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 €'000	2020 €'000
Operating activities:		
(Loss)/Profit for the year	(152)	12,126
Share based payments	436	630
Movement in loans to subsidiaries	12,781	(2,987)
Movement in other current assets	14	279
Movement in accruals	(77)	239
Net cash provided by operating activities	**13,002**	**10,287**
Investing activities		
Proceeds from the issuance of share capital	8	7
Investment in subsidiary undertakings	(10,110)	(15,744)
Net cash provided by/(used in) investing activities	**2,900**	**(5,450)**
Financing activities		
Dividends	(6,693)	(2,222)
Repayment of loans	(1,000)	(1,000)
Drawdown of loan	7,500	5,000
Net cash provided by/(used in) financing activities	**(193)**	**1,778**
Net increase/(decrease) in cash and cash equivalents	**2,707**	**(3,672)**
Cash and cash equivalents at the beginning of the year	1,334	5,006
Cash and cash equivalents at the end of the year	**4,041**	**1,334**

The accompanying notes on page 117 to 119 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital €'000	Share premium €'000	Undenominated Capital €'000	Share based payment reserve €'000	Retained earnings €'000	Total equity €'000
Balance at 01 January 2020	**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)**
Total transactions with Shareholders	**7**	**-**	**-**	630	(2,222)	**(1,585)**
Balances at 31 December 2020	**2,117**	**67,647**	**39**	**2,259**	**17,260**	**89,322**
Comprehensive income:						
Loss for the year	-	-	-	-	(152)	**(152)**
Total comprehensive income					(152)	**(152)**
Transactions with Shareholders:						
Equity settled share based payments	8	-	-	-	-	**8**
Share based payments	-	-	-	436	-	**436**
Dividends	-	-	-	-	(6,693)	**(6,693)**
Total transactions with Shareholders	**8**	**-**	**-**	436	(6,693)	**(6,249)**
Balances at 31 December 2021	**2,125**	**67,647**	**39**	**2,695**	**10,415**	**82,921**

The accompanying notes on page 117 to 119 are an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). There have been no material departures from the Standards. The functional and presentation currency of these financial statements is EUR. All amounts in the financial statements have been rounded to the nearest thousand. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is the ultimate parent company of the Mincon Group which includes the Company in its consolidated financial statements. In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- cash flow statement and related notes;
- comparative period reconciliations for tangible fixed assets and intangible assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel;
- disclosures of transactions with a management entity that provides Key Management Personnel services to the company; and
- certain disclosures regarding revenue.

As the consolidated financial statements of the Mincon Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-based Payments in respect of group settled Share-based payments;
- certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

As permitted by section 304 of the Companies Act 2014, no separate profit and loss account is presented in respect of the Company. The Company recorded a loss for the year of €152,000 (2020: €12.6 million), which included dividends received of €2.3 million (2020: €15.3 million) from subsidiary companies.

Recent accounting pronouncements The IASB have issued the following standards, policies, interpretations and amendments which were effective for the Company for the first time in the year ended 31 December 2020:

- amendments to References to Conceptual Framework in IFRS Standards;
- amendments to IFRS 3: Definition of a Business;
- amendments to IAS 1 and IAS 8: Definition of Material;
- amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform; and
- amendment to IFRS 16: Covid Related Rent Concessions.

The adoption of the above new standards and interpretations did not have a significant impact on the Company's financial statements.

Going concern

The Company is in a net asset position of €94.1 million at year-end. The Directors are satisfied that there are no material uncertainties with regard to the going concern of the Company and as a result have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these consolidated financial statements, and therefore they continue to adopt the going concern basis of accounting in preparation of its financial statements. The group's and company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business and strategy review section of the Group annual report.

The accounting policies set out in note 3 of the Group financial statements have been applied consistently to all periods presented in these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

2. 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.

3. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

During the year ended 31 December 2021, Mincon Group plc subscribed for equity in the following subsidiaries as follows:

	Investments in subsidiary €'000
Balance at 1 January 2021	67,242
Investment in Mincon Inc	5,730
Investment in Mincon Chile	2,131
Investment in Mincon Peru	1,131
Investment in Pacific Bit	516
Investment in Mincon South Africa	392
Investment in EURL Roc Drill	310
Investment in Mincon West Africa	250
Investment in Viqing	(350)
Balance at 31 December 2021	**77,352**

Mincon Single Entity own all entities (either directly or indirectly) in note 24. 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. Investments were impaired by €NIL during the year ended 31 December 2021 (2020: €NIL).

4. TRANSACTIONS WITH SUBSIDIARY COMPANIES

At 31 December 2021, the Company had repayments of €12.8 million (2020: loans given of €3 million) to subsidiary companies by way of loans.

5. AMOUNTS AMOUNTS OWING TO/FROM SUBSIDIARY COMPANIES

At 31 December 2021, the company has €12.7 million (2020: €25.4million) owed from Group companies.

The maximum amount of credit exposure on amounts owed by subsidiary undertakings is €12.6 million. The fair value of the amounts owed to and from subsidiary undertakings approximated their carrying value.

The expected loss on default in respect of amounts owed by subsidiary undertakings is not considered to be significant and therefore no provision of impairment is required.

The Company has issued loans in non-euro, which the euro equivalent of €2.9 million was held in US dollar (USD 3.3 million), €1.1 million was held in Swedish krona (SEK 11.5 million), €735,000 was held in Canadian dollar (AUD 1.1 million), the euro equivalent of €1.8 million was held in South African rand (ZAR 33 million).

The loans owed to the Company carry effective interest rates between 2% - 9%.

At 31 December 2021, the Company owed €158,000 (2020: €158,000) to subsidiary companies in relation to costs incurred on its behalf.

6. SHORT-TERM DEPOSITS

At 31 December 2021, the Company had €4 million cash readily available (2020: €1.3 million).

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

7. LOANS AND BORROWINGS

During 2021, the Company drew down loans of €7.5 million (2020: €5 million). At 31 December 2021, the Company has €2.5 million to drawdown on an existing loan facility.

Repayments are made quarterly, with a €5 million bullet repayment due in 2026. The effective rate for the loans and borrowings is 2.5%.

	Bank Loans €'000
Balance at 1 January 2021	4,000
Bank loan drawdowns	7,500
Repayment of bank loan	(1,000)
Total loans and borrowings 31 December 2021	**10,500**
Current	1,500
Non-current	9,000

8. SHARE BASED PAYMENTS

The Company operates two share-based payment schemes, one for share awards and another for share options. Further details of the two schemes are given in the Group financial statements at note 22.

9. CREDIT RISK

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. **The maximum exposure to credit risk at 31 December was:**

	Carrying Value	
	31 December 2021 €'000	31 December 2020 €'000
Cash and cash equivalents	**4,041**	**1,334**

10. TRANSITION TO FRS 101

The Company transition to FRS 101 during the year. There was no impact to the Company's reported assets and liabilities as at 1 January 2020 and 31 December 2020, nor was there any impact on reported profits for the year ended 31 December 2020.

11. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the financial statements on 11 March 2022.

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