

# Årsredovisning

## Mincon Drill String AB

Org.nr 559149-1534

Räkenskapsår 2023-01-01 - 2023-12-31

### Fastställelseintyg

Undertecknad styrelseledamot i Mincon Drill String AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 25/4 2024. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Finspång den 25/4 2024



Christer Axelsson

## Årsredovisning för räkenskapsåret 2023-01-01 - 2023-12-31

Styrelsen för Mincon Drill String AB avger följande årsredovisning.

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Styrelsens säte: Finspång

Företagets redovisningsvaluta: Svenska kronor (SEK).

Alla belopp redovisas, om inget annat anges, i kronor (kr).

## Förvaltningsberättelse

### Allmänt om verksamheten

Bolaget, med säte i Finspång, ska direkt och indirekt äga och förvalta fast och lös egendom.

### Ägarförhållanden

Bolaget är moderbolag till det helägda dotterbolaget Driconeq AB, org nr. 556519-3322. Bolaget ingår i en koncern där Mincon Group Plc, registrerat i Irland, är moderbolag.

<b>Flerårsöversikt (Tkr)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Nettoomsättning	0	0	0	0
Resultat efter finansiella poster	15 496	3 996	20 197	-3
Soliditet (%)	17,9	13,9	22,1	0,2
Balansomslutning	87 134	83 037	91 740	71 544

För definitioner av nyckeltal, se Redovisnings- och värderingsprinciper.

### Förändringar i eget kapital

	<b>Aktie- kapital</b>	<b>Balanserat resultat</b>	<b>Årets resultat</b>	<b>Totalt</b>
Belopp vid årets ingång	50 000	7 489 834	3 996 400	<b>11 536 234</b>
Disposition enligt beslut av årsstämman:				
Utdelning		-11 400 000		<b>-11 400 000</b>
Balanseras i ny räkning		3 996 400	-3 996 400	<b>0</b>
Årets resultat			15 496 400	<b>15 496 400</b>
<b>Belopp vid årets utgång</b>	<b>50 000</b>	<b>86 234</b>	<b>15 496 400</b>	<b>15 632 634</b>

**Förslag till vinstdisposition**

Styrelsen föreslår att till förfogande stående vinstmedel (kronor):

balanserad vinst	86 234
årets vinst	15 496 400
	<b>15 582 634</b>

disponeras så att	
till aktieägare utdelas (240 kronor per aktie)	12 000 000
i ny räkning överföres	3 582 634
	<b>15 582 634</b>

Styrelsen föreslås bemyndigas att besluta om tidpunkt då utdelningen skall betalas.

Styrelsen anser att förslaget är förenligt med försiktighetsregeln i 17 kap. 3 § aktiebolagslagen enligt följande redogörelse: Styrelsens uppfattning är att vinstutdelningen är försvarlig med hänsyn till de krav verksamhetens art, omfattning och risk ställer på storleken på det egna kapitalet, bolagets konsolideringsbehov, likviditet och ställning i övrigt.

Utdelningen kommer att finansieras genom att bolaget samtidigt erhåller utdelning från dotterbolag.

<b>Resultaträkning</b>	<b>Not</b>	<b>2023-01-01</b>	<b>2022-01-01</b>
	<b>1</b>	<b>-2023-12-31</b>	<b>-2022-12-31</b>
<b>Nettoomsättning</b>		0	0
<b>Summa rörelseintäkter, lagerförändringar m.m.</b>		0	0
<i>Rörelsens kostnader</i>			
Övriga externa kostnader		-3 600	-3 600
<b>Rörelsekostnader</b>		<b>-3 600</b>	<b>-3 600</b>
<b>Rörelseresultat</b>		<b>-3 600</b>	<b>-3 600</b>
<b>Resultat från finansiella poster</b>			
Resultat från andelar i koncernföretag	2	15 500 000	4 000 000
		<b>15 500 000</b>	<b>4 000 000</b>
<b>Resultat efter finansiella poster</b>		<b>15 496 400</b>	<b>3 996 400</b>
<b>Resultat före skatt</b>		<b>15 496 400</b>	<b>3 996 400</b>
<b>Årets resultat</b>		<b>15 496 400</b>	<b>3 996 400</b>

*B*

<b>Balansräkning</b>	<b>Not</b>	<b>2023-12-31</b>	<b>2022-12-31</b>
<b>TILLGÅNGAR</b>			
<i>Anläggningstillgångar</i>			
<i>Finansiella anläggningstillgångar</i>			
Andelar i koncernföretag	3, 4	40 099 796	40 099 796
Fordringar hos koncernföretag	5	31 400 204	31 400 204
<b>Summa finansiella anläggningstillgångar</b>		<b>71 500 000</b>	<b>71 500 000</b>
<b>Summa anläggningstillgångar</b>		<b>71 500 000</b>	<b>71 500 000</b>
<i>Omsättningstillgångar</i>			
<i>Kortfristiga fordringar</i>			
Fordringar hos koncernföretag		15 600 000	11 500 000
		<b>15 600 000</b>	<b>11 500 000</b>
Kassa och bank		33 634	37 234
<b>Summa omsättningstillgångar</b>		<b>15 633 634</b>	<b>11 537 234</b>
<b>SUMMA TILLGÅNGAR</b>		<b>87 133 634</b>	<b>83 037 234</b>
<b>EGET KAPITAL OCH SKULDER</b>			
<i>Eget kapital</i>			
<i>Bundet eget kapital</i>			
Aktiekapital		50 000	50 000
<b>Summa bundet eget kapital</b>		<b>50 000</b>	<b>50 000</b>
<i>Fritt eget kapital</i>			
Balanserad vinst eller förlust		86 234	7 489 834
Årets resultat		15 496 400	3 996 400
<b>Summa fritt eget kapital</b>		<b>15 582 634</b>	<b>11 486 234</b>
<b>Summa eget kapital</b>		<b>15 632 634</b>	<b>11 536 234</b>
<i>Kortfristiga skulder</i>			
Skulder till koncernföretag		71 501 000	71 501 000
<b>Summa kortfristiga skulder</b>		<b>71 501 000</b>	<b>71 501 000</b>
<b>SUMMA EGET KAPITAL OCH SKULDER</b>		<b>87 133 634</b>	<b>83 037 234</b>

## Noter

### Not 1 Redovisnings- och värderingsprinciper

#### Allmänna upplysningar

Årsredovisningen är upprättad i enlighet med årsredovisningslagen och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

#### Finansiella instrument

##### *Andelar i dotterföretag*

Andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott läggs till anskaffningsvärdet när de uppkommer.

##### *Låneskulder och leverantörsskulder*

Låneskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader. Skiljer sig det redovisade beloppet från det belopp som ska återbetalas vid förfallotidpunkten periodiseras mellanskillnaden som räntekostnad över lånets löptid med hjälp av instrumentets effektivränta. Härigenom överensstämmer vid förfallotidpunkten det redovisade beloppet och det belopp som ska återbetalas.

##### *Nedskrivningsprövning av finansiella anläggningstillgångar*

Vid varje balansdag bedöms om det finns indikationer på nedskrivningsbehov av någon av de finansiella anläggningstillgångarna. Nedskrivning sker om värdenedgången bedöms vara bestående och prövas individuellt.

#### Fordringar

Fordringar med förfallodag mer än tolv månader efter balansdagen redovisas som anläggningstillgångar, övriga som omsättningstillgångar. Fordringar upptas till det belopp som efter individuell prövning beräknas bli betalt.

#### Nyckeltalsdefinitioner

##### Nettoomsättning

Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktskorrigeringar.

##### Resultat efter finansiella poster

Resultat efter finansiella intäkter och kostnader men före bokslutsdispositioner och skatter.

##### Soliditet (%)

Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutning.

##### Balansomslutning

Företagets samlade tillgångar.

**Not 2 Resultat från andelar i koncernföretag**

	2023	2022
Erhållna utdelningar	15 500 000	4 000 000
	<b>15 500 000</b>	<b>4 000 000</b>

**Not 3 Andelar i koncernföretag**

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	40 099 796	40 099 796
<b>Utgående ackumulerade anskaffningsvärden</b>	<b>40 099 796</b>	<b>40 099 796</b>
<b>Utgående redovisat värde</b>	<b>40 099 796</b>	<b>40 099 796</b>

**Not 4 Specifikation andelar i koncernföretag**

Namn	Kapital- andel	Rösträtts- andel	Antal andelar	Bokfört värde
Driconeq AB	100%	100%	4 000	40 099 796
				<b>40 099 796</b>

	Org.nr	Säte
Driconeq AB	556519-3322	Sunne

**Not 5 Fordringar hos koncernföretag**


	2023-12-31	2022-12-31
Ingående anskaffningsvärden	31 400 204	31 400 204
<b>Utgående ackumulerade anskaffningsvärden</b>	<b>31 400 204</b>	<b>31 400 204</b>
<b>Utgående redovisat värde</b>	<b>31 400 204</b>	<b>31 400 204</b>

*R*

**Not 6 Koncernuppgifter**

Bolaget upprättar ingen koncernredovisning med hänvisning till ÅRL 7:2. Mincon Group Plc, med säte i Irland, är moderföretag i den största koncernen som företaget ingår i där koncernredovisning upprättas. Koncernredovisningen kan inhämtas hos Mincon Group Plc, Smithstown Industrial Estate, Shannon County Clare, Irland.

Finspång den 23/4 2024



Jussi Rautiainen  
Ordförande



Christer Axelsson  
Styrelseledamot

Vår revisionsberättelse har lämnats den 25/4 2024

KPMG AB



Mattias Eriksson  
Auktoriserad revisor

# Revisionsberättelse

Till bolagsstämman i Mincon Drill String AB, org. nr 559149-1534

## Rapport om årsredovisningen

### Uttalanden

Vi har utfört en revision av årsredovisningen för Mincon Drill String AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Mincon Drill String ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

### Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Mincon Drill String AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den

upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

### Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.

- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

## Rapport om andra krav enligt lagar och andra författningar

### Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Mincon Drill String AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

### Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Mincon Drill String AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

### Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda

ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

Karlstad den 25 april 2024

KPMG AB



Mattias Eriksson

Auktoriserad revisor

Mincon Group plc  
Annual report and  
consolidated financial  
statements

Registered number: 531494

**Year ended 31 December 2023**

# CORPORATE PROFILE

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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 - Non-Executive Director (Irish) (Retired 1<sup>st</sup> February 2024)  
Pirita Mikkanen –Non-Executive Director (Finnish)  
Patrick Purcell – Non-Executive Director (Irish)  
Paul Lynch – Senior Non-Executive Director (Irish)  
Orla O’Gorman – Non-Executive Director (Irish)  
Joseph Purcell – Chief Executive Officer (Irish)  
Thomas Purcell – Chief Operations Officer (USA)

**Company Secretary:** Mark McNamara (Irish)

**Registered Office:** Smithstown Industrial Estate  
Shannon  
Co. Clare  
Ireland

**Nominated Adviser, Euronext  
Growth Adviser and Joint 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:** Grant Thornton  
Chartered Accountants & Statutory Audit Firm  
13-18, City Quay  
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](http://www.mincon.com)

**Ticker Symbols:** Euronext Growth: MIO.IR  
AIM: MCON.L

## CHAIRMAN'S STATEMENT

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2023 was a difficult year for the Mincon Group. Although the Covid-19 pandemic has now eased, there were still some negative effects which impacted our business. Sea freight costs and delays are gradually returning to pre-Covid-19 levels. Some of our clients in remote, large open pits in Australia, for instance, had overstocked during Covid-19 and so are only recently returning to more normal ordering levels. We found also that the competition in standard, unpatented drilling tools was increasing with products manufactured in low-cost economies in particular undercutting our products by a margin significant enough in the eyes of the clients to counterweigh the lower technical performance of those products. It is our job to confront this situation and to take steps to retain and grow our market.

I believe that what distinguishes our Group from our competitors is the quality of our innovative engineering which is backed up by dedicated and committed aftersales service in the field. This engineering is a cornerstone of our business model and its value to the Group is seen in the diversification of our global business over the last six years. In 2017, the Group's revenues were earned almost exclusively from two sectors, mining and waterwell/geothermal. The construction sector did not contribute at all to our annual sales revenues whereas, six years later, in 2023, the construction sector accounted for 39% of our total annual sales revenues.

We are now developing patented products for the onshore solar and offshore wind farm industries and we expect that this business will develop significantly over the next 5 years and will place us in the forefront of those companies who aspire to service the clients in the renewable energy sector.

In June last year, we appointed Tom Purcell as Chief Operations Officer with a brief to carry out a full review of the Group's operations and to recommend to the Board steps to ensure that the Group's operations are working at maximum efficiency. The overall objective is to achieve an improved return on capital employed and earnings per share and to ensure that the Group capitalises on the significant commercial advantages which are offered by our new range of advanced products in the mining, construction and renewable energy sectors. As part of this exercise, we have already seen a significant improvement in our cash position, resulting mainly from a very successful inventory reduction programme.

Despite the significant delays in bringing our Greenhammer system to market, we have made measurable progress in that task through our collaboration with a major rig manufacturer. The rig resulting from this collaboration and the Greenhammer system will commence field trials in a large open pit mine in Arizona and we expect these trials to continue through to the end of April this year. We remain confident as to the commercial potential of this system.

We have also developed a very exciting partnership with the Trimble Group in the US. We have agreed to integrate Mincon's Drilling Mast Solutions product line with Trimble and their Machine Control System. All of our drill masts are now Trimble Ready from the factory and give our solar customers access to GPS location systems and greater control for utility-scale solar installations. In connection with this we have also officially engaged Milton CAT as our Northeast US distributor for the solar Drill Mast Solutions, catering to one of the largest territories of solar installations in the US.

In last year's annual report, we detailed our targets in relation to reducing our carbon emissions by 50% by 2030, and to phase out fossil fuel use in our factories by 2040. We made a considerable step in reaching those targets during 2023, with the commissioning of new more efficient heat treatment equipment in our hammer plant in Shannon, and through the installation of solar panels for electricity generation, also in Shannon. We believe that the operational efficiency of the products we bring to the market will enable our customers to significantly reduce their carbon footprint.

I am delighted to have welcomed our new non-executive director, Orla O'Gorman to the Board in December last. Orla has a deep knowledge and understanding of corporate affairs having worked at the Irish Stock Exchange for many years before engaging in financial consultancy with a number of prominent Irish public companies. She brings a wide range of experience and deep insight to our Board and we look forward to working closely with her over the coming years.

This year also marks the retirement of our Senior Independent Director, John Doris, having served for a term of seven years. John has served the Mincon Group in various positions; Interim Chief Financial Officer, Company Secretary and latterly as a non - executive director. He has been a very diligent and valuable member of the Board and his wise counsel will be missed. We thank him for his exemplary service to the Group and we wish him well in his other corporate activities. Paul Lynch will succeed John as Senior Independent Director.

## CHAIRMAN'S STATEMENT

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The Covid-19 period created major challenges for our team in delivering to our customers amidst hugely disrupted operations and supply chain difficulties while development projects stalled. As restrictions relaxed, companies have focused on reducing inventory buffers which, amongst other factors, have impacted financial performance. The business remains focused and confident in a more profitable future with higher returns. This will be built on our strategies of targeting new market segments and delivering superior engineered products to our customers.

I would like to thank our Executive and each and every one of our employees across the globe for their contribution to this progress. I thank also my Board who have been a constant source of support and guidance during this period. I hope that 2024 will see the Group realising the fruits of this consistent effort.

**Hugh McCullough**  
Chairman

11 March 2024

# CHIEF EXECUTIVE OFFICER'S REVIEW

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2023 has been a challenging year for Mincon in terms of revenue, profitability and ROCE. Revenue in H2 2023 was lower than expected due to a number of factors, notably a slower than expected recovery in mining revenues as customers ran down their inventories and the continuation of more muted conditions in exploration drilling, while we also experienced delays to anticipated commencements on some construction projects during the period.

The team at Mincon have worked hard to position the Group against this tough market backdrop and there are some positives to note in respect of our year-end cash and net debt position and the continued good results we have seen from our inventory reduction project. These positive balance sheet movements will continue to be worked on through 2024, something that is vital in the current interest rate environment.

With the appointment of Tom Purcell as our COO in 2023, we began the process of carrying out a root and branch review of all our businesses, and that is ongoing into H1 2024. The actions we take now will help ensure that we create a more stable base to better cope with both the challenges and opportunities ahead.

## **Geographic Markets**

Our business in the Americas was largely flat on the prior year but it was notable that our construction revenue, although slightly down on the prior year, did have a lot of smaller project revenue which is more sustainable in the longer term. We did have a large construction project delayed from H2 2023 until this year, but we are expecting to get positive news on this in the near term. Elsewhere in the Americas, we have finished a mining supply contract in Chile and the effect of this will be significantly positive for our balance sheet as we unwind the working capital position tied up in the contract. We continue to believe that the Americas represent an area with a lot of potential growth across all our industries, as it has been in the past and, to that end, we intend to capture further growth in the mining and construction industries with further investment in Q1 2024.

Our Europe and Middle East (EME) region, like the Americas, was flat on the prior year. This was achieved despite our mining revenue being down, with increases in construction and water well/geothermal markets offsetting this. As this is our primary region for manufacturing activities within the Group, the cost inflation in the region, largely due to the war in Ukraine, has been a significant challenge to deal with in recent periods. As a result, we have been looking closely at every avenue for sensible cost management initiatives to offset these increases.

Regarding our business in the Australia Pacific (APAC) region, we experienced a revenue decline of 15% on the prior year. We are continuing to work hard to rebuild our revenues in the region and we are confident that we will make progress through 2024. We see good opportunities to regain lost business here through our strong presence on the ground to support local requirements and to provide a better value proposition to our customers by tailoring products manufactured in - country and supported with our field service technicians.

Our business in Africa is a sharp focus for the year ahead, as it experienced a revenue decline of 22% on the prior year. We have put plans in place to regain market share with strategic hires to assist in business development in the West Africa region as well as continuing our focus on revenue generation in Southern Africa through building upon our strong local presence.

## **Business Development**

During the year, we continued our collaboration on the Greenhammer project with a major rig manufacturer and this is ready to start drilling on a copper mine in Arizona. We are confident that this approach will realise the potential that this product offers. Following this strategic decision, we elected to discontinue the previous testing on our own rig in Australia during the year. The Greenhammer team in that region are now focused on supporting the opportunity in the US as well as onsite business development work in the APAC region as part of our drive to rebuild our revenues there.

Our push to provide larger diameter drilling systems for the construction piling industry was slower to materialise in 2023 than we had originally anticipated. This is due to a lack of suitable project starts in Malaysia following a downturn in that region in the second half of 2023. We anticipate opportunities in H1 2024 and will provide further updates on this product area during the year. Regarding the construction market in general, we still have a significant pipeline of potential projects and have made good progress in some new markets with our spiral flush offering, which augers well for improving our market spread for the year ahead.

I am pleased to report that the Subsea project with our collaboration partners, Subsea Micropiles, has progressed well since our last update. The subsea rig has been completed and we have successfully shown that it can be road transported as a fully assembled unit. This significant milestone was achieved in November 2023, when we moved the rig from our plant in Shannon, Ireland to Jamestown Manufacturing Ltd. in Portarlinton, Ireland to carry out the commissioning of the rig as well as the terrestrial load testing program essential for certification.

# CHIEF EXECUTIVE OFFICER'S REVIEW

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## **Business Development** *(continued)*

The functional testing of the rig has been successful, we have drilled and grouted the templates in place for load testing. We also successfully completed an initial wet test of the drilling system at Killybegs Port. We will hold the system there for now to use it as a base for marine testing in Ireland.

The subsea project progress has been closely followed by the offshore industry and there have been some important strategic agreements made with well-funded industry players. These agreements are essential pillars in moving the project closer to commerciality and unlocking the enormous potential that offshore wind represents for Mincon and our collaboration partners, Subsea Micropiles.

## **Sustainability**

I am pleased to announce that our third Environment & Sustainability report has been published and outlines the progress that we have made in 2023 toward our goals to reduce emissions as part of our commitment to ensure the long-term sustainability of the business, and our commitment to people and the environment. As first reported for FY2022, we have further refined our scope 3 emissions reporting which clearly points to the engineering challenge of increasing the operational efficiency of our products in order to reduce their carbon emissions in use. This is becoming increasingly critical to the industries in which we work as they all have a pivotal role to play in the global push to reduce emissions. Indeed, in mining alone (currently 4%-7% of global emissions), the increase in output required is anticipated to reach levels never before seen and to achieve this it must be done at dramatically reduced levels of emissions to have any hope of making a positive impact on the environment.

## **Conclusion**

After a difficult 2023, Mincon is focused on taking the appropriate strategic decisions in 2024 to meet the current market challenges and to position the business to best capitalise on the long-term opportunities we see in our end-markets. The subdued market environment in H2 of 2023 has continued into H1 2024 although we have begun to see some improvement in our order book. We are working hard to improve our competitiveness and input costs which together with potential improvement in the market environment gives us more confidence around performance in the second half of this year. We must also continue our work on delivering on the promise of our development projects. We also need to complete our root and branch review to put a stable base under the business to both deal with the challenges and realise the significant opportunities ahead.

Finally, I would like to acknowledge the global Mincon team for their diligence and commitment through a difficult year in 2023, as well as the continuing support of our Board and investors. I remain confident that if we continue to hold fast and build on the foundation we have created, we will make a positive contribution in terms of our key business metrics and the environment in which we live.

**Joseph Purcell**  
Chief Executive Officer

11 March 2024

## STRATEGY OF THE GROUP – BUSINESS MODEL AND STRATEGY

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Mincon's strategy is to develop long term sustainable competitive advantage through designing and manufacturing world class products, that will bring value for our shareholders and stakeholders. Our business development is focused on growth, creating new opportunities and continued improvement in all aspects of our business, and we can accomplish this through our strategic goals:

- To market competitive products centred on an ethos of innovative engineering and service that is committed to adding value for our customers.
- To seek new opportunities in new markets and to diversify our income streams to increase our global footprint.
- To manufacture our products in strategic locations that allows a better service for our customers and reduce the requirement for trans-ocean distribution of our products.
- To build a sustainable, long-term business that provides excellent opportunities and returns for all our stakeholders.
- To meaningfully contribute to the environment, through investing in manufacturing that requires less energy, and to make positive contributions in the communities where we have businesses.

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

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

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

The Group focus has been on manufacturing hammers and bits for surface drilling for mining production, mining exploration, horizontal drilling, geotechnical and construction projects, waterwell and geothermal applications.

We continue to diversify our income streams by extending our addressable market into those industries, while also examining opportunities in other industries. We continue to extend the ranges of hammers and bits that we offer, not only to further our market reach, but also to complement our complete range of surface drilling solutions. We continue to develop the drill string components that support a full product range and service offering. Our strategic direction is to provide market leading products, manufactured, supplied and serviced by the Group, to a diversified range of industries. The diversification of income streams into industries with differing business cycles is designed to minimise volatility in earnings growth.

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

The Group manufactures and sells rock drilling consumable products. 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 and reduce our trans-ocean freight costs. These factory reviews are ongoing as part of the company's rolling strategic plan.

We have a procurement strategy in place where we have developed relationships with raw material suppliers in different markets to ensure we are acquiring the most appropriate quality of raw material at the best available prices to our manufacturing plants. While also continue our supply relationships with raw material suppliers closest to our manufacturing plants to ensure we have readily supply available, and we hold buffer stocks of the of raw materials used in the manufacturing of our larger sales volume products.

## STRATEGY OF THE GROUP – BUSINESS MODEL AND STRATEGY

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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 new markets.

In executing the Group's strategy and operational plans, management 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:

- design, develop and manufacture class leading products in the most energy efficient way possible to sell under the Mincon engineering brand.
- the creation of new drilling products and technologies and associated intellectual property, supported, inter alia, by patents
- engage with customers to supply the most cost-effective hard rock drilling solutions for their business needs, while offering industry leading field service delivery; and
- improving the skill sets of our teams.

The Group's principal risks and uncertainties are outlined in the next 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.

Our customer offering:

Mincon manufactured product offering 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, 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.

The Mincon Drill Mast Attachments for excavators and skid steers provide versatile, efficient drilling solutions for solar, construction and renewable energy installations. Seamless technology integrations with partners like Trimble for advanced machine control systems and GPS location tracking ensure precision and productivity.

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).

# STRATEGY OF THE GROUP - PRINCIPAL AND SIGNIFICANT RISKS

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## PRINCIPAL AND SIGNIFICANT RISKS RELATING TO THE GROUP

### Mincon Risk Management Process

The risk appetite of the Group is considered in light of the principal risks and their impact on the ability to meet its strategic objectives. Management considers the risk appetite of the Group in the context of the regulatory environment, its culture, the industries in which it operates and its four strategic pillars:

1. Continuous innovation of class-leading products.
2. Manufacture the most cost-effective hard-rock drilling solutions in the most energy efficient way possible.
3. Build a sustainable, long-term business that provides excellent opportunities and returns for all our stakeholders.
4. Most effective service and best partner value while being recognised globally as “The Driller’s Choice” for rock drilling tools.

The Executive Management Team is responsible for setting and monitoring the risk appetite for the Group when pursuing its strategic objectives. Risk assessment is a collaborative effort involving various stakeholders of the Group. Effective communication and coordination among the stakeholders is vital for a comprehensive and successful risk management program.

The Group management reports to the Audit Committee and the Board at least annually with a detailed risk report, including all possible risks to the Group. Each risk is analysed and ranked using the Risk Assessment Matrix as defined by ISO 17776. Through our risk management process, we describe the controls associated with a particular risk within Mincon, how we evaluate risks and mitigate them to bring them to an acceptable level for the Group. This process enables execution of the Group’s business strategy while mitigating the Group’s overall risk exposure.

### **Principal Risks**

#### **Cyclical markets and 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 and high interest rates 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.

#### **Significant damage to the Group’s production facilities:**

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.

#### **Product obsolescence:**

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.

# STRATEGY OF THE GROUP - PRINCIPAL AND SIGNIFICANT RISKS

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## PRINCIPAL AND SIGNIFICANT RISKS RELATING TO THE GROUP

### **Security of intellectual property:**

The Group's 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 Group's proprietary products, it could have a material adverse effect on the Group's revenues and results.

### **Raw material supply & cost:**

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 and availability can vary significantly during a year or from year to year. Price increases for the Group's products are passed onto customers, post subsidiary performance reviews, this may be a result of increased raw material costs. However, if the market conditions do not allow the passing on of increased raw material prices to customers, it may have a materially adverse effect on the Group's business, as could the sourcing of adequate raw material supplies. The Group holds buffer stocks of raw material at each of its manufacturing locations to mitigate this risk. The Group also seeks out new options on raw material supply for increased availability and best price.

### **Competitors offering better value:**

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. 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. 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.

### **Product development and commercialisation:**

Introducing new products to a well-established market can be a major risk. Even after the new product outperforms existing products during product testing. This can be compounded when the customer is required to invest in new equipment to operate a new product. Unsuccessful commercialisation of a new internally developed product can have a major impact on the Group's financial performance and position, along with reputational damage. The relationship with our customers and the communication we have with them on product development is key to mitigating this risk. We also conduct product testing with our customers to identify any performance issues of all new market products, and we employ expert drillers to perform this testing.

### **Management spread too thinly:**

Management can spread themselves too thinly when trying to address every new possibility that arises in the Group and consequently trying to cover all tasks. Management burnout can result and this leads to poor decision making at a high level, the culture of the organisation can also be impacted. An appropriate management structure within the Group allows for better communication, delegation by management and better team organisation which can reduce the risk of management been spread too thinly. The Group also reduces this risk by ensuring teams are properly resourced and use external experts when appropriate.

# STRATEGY OF THE GROUP - PRINCIPAL AND SIGNIFICANT RISKS

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## PRINCIPAL AND SIGNIFICANT RISKS RELATING TO THE GROUP

### **Other Significant Risks**

#### **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.

#### **Operations 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 businesspeople, 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.

#### **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 increase the cost of 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 transaction 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 cancellations over which the Group has little, or no control and these delays could adversely affect results. The Group focuses on securing new lines of business on a regular basis to address the non-recurring nature of some transactions.

#### **Customer Concentration:**

During 2023, the Group's top ten customers have accounted for approximately 21% 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.

## STRATEGY OF THE GROUP - PRINCIPAL AND SIGNIFICANT RISKS

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### **Climate Change:**

The Group is at risk from the effects of climate change. This can occur in many ways such as pollution, access to resources which can affect 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 its carbon footprint, or continue to source raw materials through appropriate supply chains, the Group risk arising from climate change will increase. The ongoing projects that the Group is directly involved in relation to climate change can be viewed on our corporate website at <https://corporate.mincon.com/esg/environmental-governance/>

### **Cyber Risk:**

Cyber fraud is an increasing risk as the business relies more on online systems, including 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.

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.

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

# CHIEF FINANCIAL OFFICER'S REVIEW

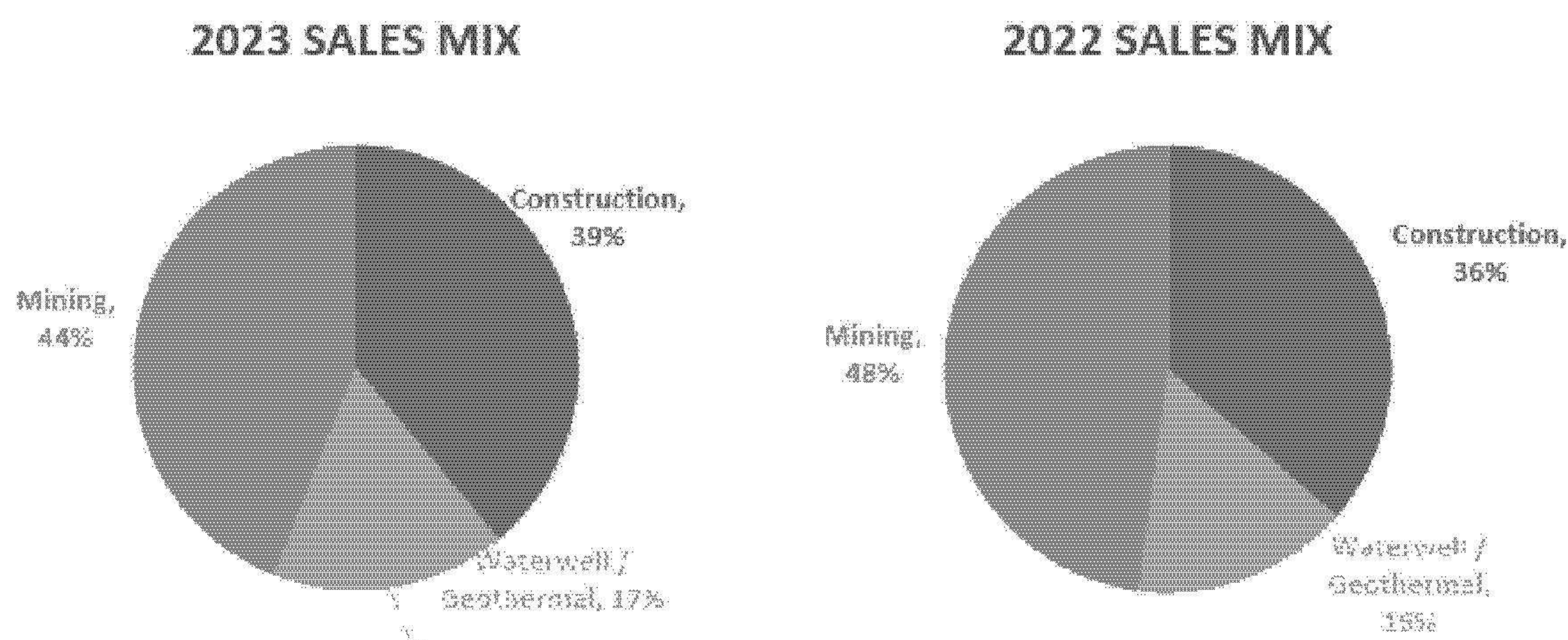
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## Summary

- The Group's revenue contracted by 8%
  - This was due to a decrease in business across all our regions.
  - FX headwinds had a significant impact.
- Excluding FX, on a constant currency basis, our revenue contracted by 3% versus 2022.
- Our margins decrease was due to the decrease in manufacturing volumes in our factories, as we continued unwinding our inventory position and less revenue in the year.
- We completed a large expansion capital equipment programme in our hammer plant during 2023, though we borrowed considerably less than prior years to complete these projects.

## Revenue

Our reduction in 2023 revenue was confined within our two largest industries, mining and construction.



We experienced growth in the waterwell / geothermal industry in 2023.

The mining of metals is cyclical and can be affected by a slowdown in certain large economies, and/or risks associated with geopolitical conflicts. During 2023, we witnessed some economies slow down and a heightening in geopolitical issues. This had a knock-on effect on some commodity prices, which has affected some of our mining customers.

We earned €68.6 million in revenue selling into the mining industry in 2023, that was a contraction of 16% versus 2022. FX headwinds had a significant impact on the contraction, excluding FX our mining revenue contracted by 11%.

As interest rates increased through 2023, we witnessed a corresponding decrease in the demand for our mining exploration products.

Our largest region for mining revenue is the Americas and, excluding FX, our mining revenue in this region was flat for the year. The first half of 2023 saw an increase of 10% over the same period in 2022. However, the second half of 2023 decreased by 11% versus the same period in the prior year.

Africa is our next foremost region for mining revenue. There we had a contraction in mining revenue of 21% in 2023. However, FX again played a major role in this contraction, and excluding its effect the impact was 13%. A significant customer in the West Africa area ceased trading due to the loss of a mining contract.

The Australia, Pacific region also experienced mining revenue contraction of 15% in that region in 2023. The differential between 2022 and 2023 revenue was partly due to the loss of a large mining customer during the second half of 2022.

The region where we earn the least revenue in mining is in the European and Middle East region. There, our mining revenue contracted by 53% in 2023. This was mostly due to the continued destocking of one large customer in the region.

## CHIEF FINANCIAL OFFICER'S REVIEW

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### **Revenue** *(continued)*

Our revenue in construction was €60.7 million, a contraction of 2% versus 2022. However, excluding FX it increased by 2%. All of the increase was in the European and Middle East region at 8%, and more specifically it was across Sweden and Finland where there is a mature market for our products in hard rock drilling. The Americas did contract by 3% at €1 million in construction revenue, excluding FX impacts.

Our revenue in the Waterwell / Geothermal industry grew to €27.6 million in 2023, that was an increase of 3% or €0.9 million over 2022. Excluding FX, the increase was much higher at 7%. We earned all the increase for the Group in Waterwell / Geothermal revenue in the European and Middle east region, it is our largest region within this industry, and it grew by 11% in the year. It was mostly earned across Sweden, Finland and Norway. Those countries have a mature geothermal industry, and the largest where we trade. The Americas did have a slight contraction of 6% at €0.4 million, excluding FX.

### **Gross and Operating Profits**

With decreased levels of revenue of Mincon manufactured product of 10% and the ongoing inventory reduction programme in 2023, we produced less product than prior years. The volume through our factories in 2023 decreased by circa 19% versus the prior year. This had a significant negative impact on the gross margin achieved by the Group during the year.

We maintained our increased level of R&D expenditure by expensing €4.1 million again in 2023, as we did in 2022. As a percentage of revenue, it was 3.2% in 2023 versus 2.9% versus 2022.

Our manufacturing depreciation, in nominal terms increased by less than €0.2 million, all in the second half of 2023. The increase as a percentage of revenue was 4.2% in 2023 versus 3.7% in 2022. However, this was offset by a decrease in our machinery maintenance costs of €0.6 million, but this cost remained consistent as a percentage of manufactured revenue with the prior year. We have invested consistently over the last five years in our factories to replace older less efficient machinery and some of our factories produced less in 2023 and therefore required less maintenance.

With the reduced revenue and manufacturing during 2023, we took the opportunity to bring subcontracting of Mincon machined parts back in - house during the year to utilise our plants available capacity. We continue to require subcontracting, as we do not produce all product parts in-house, and during 2023 there was less of a requirement of those subcontracted parts due to less production.

In-bound freight was less of a requirement into our factories during the year, as we required less raw materials and machining consumables. We recognised varying levels of freight costs through 2023, however versus 2022 our freight costs had reduced.

Our manufacturing employee costs, and energy costs were relatively consistent with 2022 as a percentage of manufacturing revenue. Energy costs peaked during the first half of the year and began to decrease during the second half of 2023 to bring them in line with full year 2022.

Due to less revenue and decreased forecasts for the second half of 2023, we reduced our employee overhead in our manufacturing plants. This process began in early 2023 and was completed by December. Overall, it brought a saving into our manufacturing of €2.1 million for 2023, although we incurred operational costs of €1.1 million to implement this overall saving for the Group.

Our operational costs reduced by €1.1 million, excluding redundancies the reduction was €2.1 million. The largest differential was due to some bonuses not being realised due to a decrease in revenue and profit margins. We also reduced our employee numbers within operations such as those in administration and sales.

### **Balance Sheet & Cash**

During 2023 we commissioned €10.2 million in capital equipment to ensure we have sufficient and ample manufacturing machining capacity, along with additional factory space to grow in the coming years.

Expansion capital equipment was circa 75% of the overall 2023 investment. Included in this capital equipment expansion programme, that began in early 2022, was a new heat treatment and manufacturing building in Shannon, they were commissioned in April 2023 and September 2023 respectively. We also commissioned new machinery in our Geotech centre in Finland during 2023.

## CHIEF FINANCIAL OFFICER'S REVIEW

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### **Balance Sheet & Cash** *(continued)*

The replacement capital equipment that was commissioned in 2023 was to replace older machinery and sales vehicles that had reached or were close to their end of life, we recouped €0.5 million in cash when these were sold.

We commissioned our largest amount of capital equipment in the last five years during 2023, in doing so we borrowed considerably less at €7.2 million (2022 €11.5 million). We also repaid €9.5 million of capital borrowings during 2023. This is part of our drive to reduce our overall borrowings, as interest rates increased considerably over a short period of time in 2023.

Our overall cash position improved by €4.5 million during the year, this can be directly linked with our inventory reduction programme that began in late 2022. Since the year end 2022 our inventory has decreased by €5.6 million, excluding a provisioning increase, we have reduced our inventory by 9% and that has brought our inventory months from 7.9 down to 7.5 during the full year 2023.

The other components of our working capital also improved in 2023. This is due to a decrease in debtors, linked to better collections and in part to lessor revenue in the year and an increase in our provision. Other current assets decreased mainly due to the commissioning of our large 2022 capital equipment expansion project. These reductions in debtors and other current assets were offset somewhat by a reduction in our payables. We reduced our payables accordingly as our raw material holdings decreased in response to a general decrease in business during the year.

During 2023, we paid out a total of €1.1 million on acquisitions in the year, all linked with historical acquisitions in Attakroc in Canada, RocDrill in France, the minority interest buyout in Mincon West Africa and Campbells in the USA.

In December 2023, the Board approved the continuation of the collaboration with HDR, and the Group increased the deferred liability by €1.4 million at 31 December 2023 in completion of this acquisition. This investment in HDR and the historical acquisition payments has brought our deferred liability to €2 million at the end of 2023. We also paid dividends of €4.5 million to our shareholders in 2023.

### **Conclusion**

We made positive progress in reducing our working capital position in 2023. In particular, we reduced our inventory, and we expect to see this improvement in working capital continue further in 2024.

The lesser requirement for capital equipment in our factories following the significant investments of recent years, and the continued improvement in net working capital will assist us in reducing our net debt position further in 2024.

The short-term market conditions in the mining and construction industries continue to be challenging, along with the continued margin impacts on reducing our inventory position, however, we can become more competitive. The evolving raw material supply chain will have a positive impact on the results for the Group's manufacturing, as we will have a more competitive offering to the market once this is fully operational. This, together with an improved net debt position and thus less interest, will bring better value to our shareholders.

The commodities used in the green energy transition have an encouraging outlook. With more competitive products in our current offering and our new more efficient product offerings to the markets, the long-term future of the Group is very positive.

**Mark McNamara**  
Chief Financial Officer  
11 March 2024

# REGIONAL INFORMATION

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## EME (Europe Middle East) region

Average Staff Numbers: 283 employees

Countries offices 6 (Ireland, Finland, Sweden, UK, France)

Number of Customer Service Centres in Region: 2

Factories: 4

- Factory floor space: 21,326 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: 48 employees

Countries with direct representation: 3 (Australia, Papua New Guinea, Indonesia)

Number of Customer Service Centres in Region: 2

Factories: 1

- Factory floor space: 5,460 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

# REGIONAL INFORMATION

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## Americas region

Average Staff Numbers: 190 employees

Countries with direct representation: 4 (Canada, USA, Peru, Chile)

Number of Customer Service Centres in Region: 11

Factories: 3

- Factory floor space: 11,151 SQM
- Manufacturing: DTH drill bits, rotary drill bits, MRM, drill pipe

Most active customer markets:

- Construction and geotechnical
- WaterWell
- Geothermal
- Production Mining
- Exploration Mining
- HDD
- Quarrying

## Africa region

Average Staff Numbers: 83 employees

Countries with direct representation: 4 (South Africa, Namibia, Ghana, West Africa (Las Palmas))

Number of Customer Service Centres in Region: 4

Factories: 1

- Factory floor space: 6,355 SQM
- Manufacturing: drill pipes, drilling accessories

Most active customer markets:

- Production Mining
- Exploration Mining
- Waterwell

## BOARD OF DIRECTORS

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At 31 December 2023, the Board of Mincon comprised of six non-executive directors and two executive directors. Details of the directors are set out below:

### NON-EXECUTIVE DIRECTORS

#### **Hugh McCullough (Age 73) (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 76) (Independent Non-Executive Director, retired 1<sup>st</sup> February 2024)**

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 86) (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 57) (Senior Independent 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.

Paul assumed the role of Senior Independent Non-Executive Director on 1<sup>st</sup> February 2024.

#### **Pirita Mikkanen (Age 58) (Non-Executive Director)**

Pirita is currently a Vice President of Energy with the Metsä Group, a Finnish forest industry group operating in international markets, focused on the responsible processing of northern wood into first-class products. Her team at Metsä works to ensure reliable and cost-effective energy production and leads the sustainable development of Metsä utilities. Prior to joining Metsä, her experience included roles with TM Systems Oy, an industrial air systems company with a focus on reducing energy usage and emissions, and serving as CEO of Lifa Air Ltd Oy, a pioneer in the development of services, machines and equipment that enable cleaner and healthier indoor air. She has acted as a fund manager and board member of climate funds. Pirita holds a Ph.D in Applied Physics, focusing on cleantech on pollution prevention, from the Helsinki University of Technology.

# BOARD OF DIRECTORS

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## NON-EXECUTIVE DIRECTORS *(continued)*

### **Orla O’Gorman (Age 51) (Non-Executive Director)**

Orla has in-depth understanding of scaling companies through 25+ years’ experience of working with them from the perspectives of an executive leader, advisor, capital markets operator and non-executive director. Orla was formerly Head of Listing for Ireland and UK at Euronext. In 2015 she founded Euronext’s IPO ready programme, to give companies the required skillsets for raising strategic finance. Orla is a strong advocate for funding scaling companies and is a member of Scale Ireland’s Steering Group. Orla is a non-executive director of Cairn Homes plc, Bon Secours Health System and Elite SpA; she is also a member of the Elkstone Ventures Advisory Board. Orla has a Bachelor of Commerce and Master of Accounting from University College Dublin. She is a Fellow of the Institute of Chartered Accountants in Ireland and is a member of their Ethics and Governance Committee, and Sustainability Expert Working Group.

## EXECUTIVE DIRECTORS

### **Joseph Purcell (Age 57) (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 52) (Chief Operations Officer)**

Thomas Purcell had a background in accounting prior to immigrating 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.

# KEY MANAGEMENT

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## EXECUTIVE 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:

### **Mark McNamara (Age 43) (Chief Financial Officer & Company Secretary)**

Mark began his finance career in public practice in 2004. 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.

### **Martin van Gemert (Age 59) (Regional Executive - Africa)**

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

### **Jussi Rautiainen (Age 59) (Regional Executive - EMEA)**

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.

### **Christopher Flamini (Age 36) (Regional Executive – Asia Pacific)**

Chris joined Mincon in April 2017. He has extensive experience working across both engineering and operational disciplines. He graduated from Curtin University in 2007 with a bachelor's degree in industrial design. He has a broad range of experience from designing and innovating products to practical expertise in operating drill rigs across various product types. Chris spent 3 years as Mincon's Product Development Manager and managed their newly established drill pipe facility in Perth. He played a key role in assisting the senior management team and was appointed Operations Manager in 2020. In 2022 he was appointed Regional General Manager and transitioned into the executive team in April 2023.

# DIRECTORS' REPORT

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The Directors present the directors' report and the consolidated financial statements of Mincon Group plc ("Mincon") for the year ended 31 December 2023.

## 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, North Bay, Ontario in Canada, and in Fruita, Colorado.

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 2023, including information on recent events and likely future developments, as reviewed by the Board are contained in the Chairman's Statement (page 3), Chief Executive Officer's Review (page 5) and Chief Financial Officer's Review (page 13). 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 KPI's are also discussed in the Chief Financial Officers Review on pages 13-15.

The principal risks faced by the Group are reflected in the principle and significant risk review section (pages 9-12).

## Dividend

In June 2023, Mincon Group plc paid a final dividend for 2022 of €0.0105 (1.05 cent) per ordinary share. In December 2023, Mincon Group plc paid an interim dividend for 2023 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 2023 (31 December 2022: 1.05 cent per share), subject to approval at the AGM. (Note 28)

## Directors and Secretary

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

<b>Director</b>	<b>Date of appointment</b>	<b>Date of resignation</b>
Patrick Purcell	16 August 2013	
John Doris	10 February 2017	01 February 2024
Hugh McCullough	13 December 2016	
Joseph Purcell	23 September 2013	
Thomas Purcell	23 September 2013	
Paul Lynch	05 December 2019	
Pirita Mikkanen	14 March 2022	
Orla O'Gorman	06 December 2023	
<b>Company Secretary</b>		
Mark McNamara	03 August 2023	
Barry Vaughan	13 March 2020	03 August 2023

# DIRECTORS' REPORT

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## Substantial shareholders

As at close of business on 01 March 2024, 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:

<i>Shareholder</i>	<i>Ordinary Shares as at the date of this Document</i>	<i>Percentage of Issued Ordinary Share Capital</i>
Kingbell Company	119,671,200	56.32%
Setanta Asset Management	27,605,607	12.99%
FMR LLC	21,238,729	10%
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 Secretary's' interest in the issued share capital of the company is detailed in page 27.

## 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 22 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 confirm they have been drawn up Company policies with respect to compliance by the Company with its 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 €4.1 million on research and development in 2023 (2022: €4.4 million), €NIL of which has been capitalised (2022: €285,000).

## 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 Statement of Directors' 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 28 to the financial statements.

## DIRECTORS' REPORT

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### 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 war in Ukraine and review the procedures that we have in place to mitigate the effects this is having on our operations.

The Group availed of the option to enter into overdraft facilities and to draw down loans of €7.2 million during 2023. Mincon Group has loans and borrowings totalling €40.1 million as at 31 December 2023, of which €14 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 2023.

The directors have also taken account of the financial outlook to 31 March 2025 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

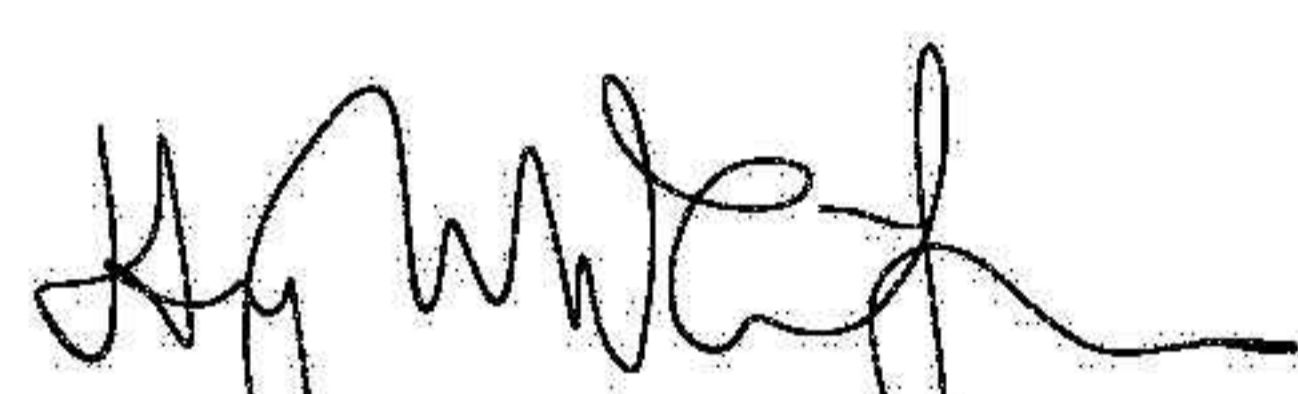
Each of the Directors individually confirm that:

- 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.

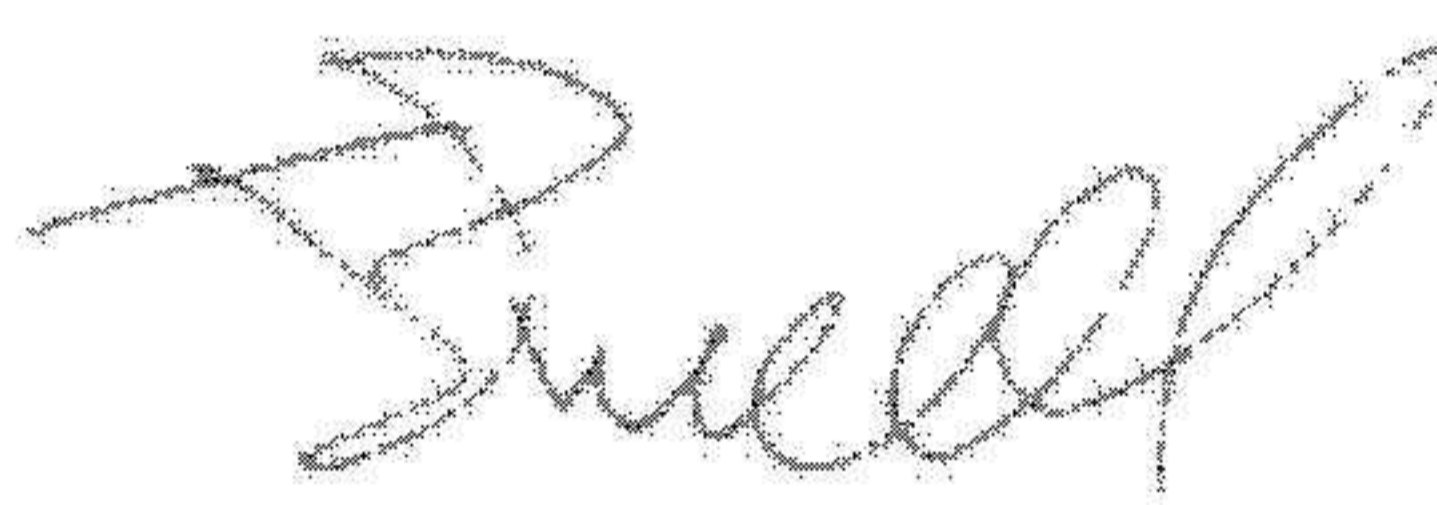
### Auditor

The auditors, Grant Thornton, continue in office in accordance with Section 383(2) of the Companies Act 2014.

On behalf of the Board



**Hugh McCullough**  
Chairman



**Joseph Purcell**  
Chief Executive Officer

11 March 2024

# STATEMENT OF DIRECTORS CORPORATE GOVERNANCE

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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. As at the date of this report, the Board comprises five 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.

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 five 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. Paul Lynch.

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 and significant risks section the key risks facing the Group and strategies to manage these risks.

# STATEMENT OF DIRECTORS CORPORATE GOVERNANCE

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## **Managing and communicating risk and implementing internal control** *(continued)*

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 at each Board meeting.

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 on occasion been carried out by way of online video calls also since 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 Group's 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

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## **Board Evaluation**

The Board engaged an external party to conduct a performance review of all Board and its committee activities during 2023. It included interviews with the Group's Executive management and all Board members, reviews of minutes and board documents, along with observations of Board meetings. The main recommendations arising from the review were prioritised, with some being actioned during 2023, and plans put in place to complete the recommendations to be put into practice for 2024.

## **Directors' independence**

The Board has determined that Hugh McCullough, Paul Lynch, Pirita Mikkanen and Orla O'Gorman 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, a Nominations Committee and an Environment & Sustainability 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 29 to 31.

## **Nomination Committee**

Further details on the duties and activities of the Nomination Committee can be found in the Nomination Committee Report on page 32 to 34.

# STATEMENT OF DIRECTORS CORPORATE GOVERNANCE

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## Remuneration Committee

Further details on the duties and activities of the Remuneration Committee can be found in the Remuneration Committee Report on page 35 to 37.

## Environment & Sustainability Committee

Further details on the duties and activities of the Environment and Sustainability Committee can be found in the Environment and Sustainability Committee Report on page 38.

## 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 35 to 37.

## 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 2023 in the share capital of the Company was as follows:

<i>Name</i>	<i>Ordinary Shares held</i>	<i>Percentage of Issued Ordinary Share Capital</i>
Kingbell Company	119,671,200	56.32%
Hugh McCullough	46,763	0.02%
Paul Lynch	95,851	0.04%

Kingbell Company, is a company controlled by Patrick 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 2023 (2022: €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 27 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 2024.

Other transactions with the directors are set out in note 27 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.

# STATEMENT OF DIRECTORS CORPORATE GOVERNANCE

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## **Stakeholder's and social responsibilities and their implications for long-term success** *(continued)*

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 38, and in our Environment and Sustainability Committee report. 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 CO<sub>2</sub> emissions.

You can see further details regarding these planned objectives on pages 38 and in our Environment and Sustainability Committee report.

## **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

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On behalf of the Board, and in my first year as Chair of the Audit Committee (the "Committee"), I am pleased to present the report of the Committee for the year ended 31 December 2023. I was appointed Chair of the Committee with effect from 1<sup>st</sup> February 2024 on the retirement of John Doris. I would like to express my appreciation to John for his contributions and leadership of the Committee since February 2017.

This report provides an overview of the principal duties and responsibilities of the Committee, its role in ensuring the integrity of the Group's published financial information and an outline of its activities for the year.

## Duties and Responsibilities

The Committee's role is to assist the Board in fulfilling its oversight responsibilities. The Committee monitors and reviews the integrity of the Group's financial reporting and other announcements relating to its financial reporting and manages the relationships between the Company and its external auditor. The Committee makes recommendations to the Board based on its activities, all of which were accepted during the year. The Committee's responsibilities are set out in its Terms of Reference which can be accessed on the Company's website ([corporate.mincon.com](http://corporate.mincon.com)) and are summarised as follows:

- 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 and remuneration of the external auditor; and
- assess the performance of the external auditor, including their independence and objectivity.

## Membership

The Committee currently comprises four independent Non-Executive Directors, Orla O'Gorman (Chair), Hugh McCullough, Paul Lynch and Pirita Mikkanen. 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 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 its' Terms of Reference and otherwise as is required. During 2023, the Committee met on six occasions and all members were present. Meetings are generally scheduled to complement the financial reporting cycle and thus enable 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 external 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, other members from the finance function, or other members of management, to attend the Committee meetings as required. The external auditor (Grant Thornton) is invited to attend 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 external auditor, without Executive Management being present on an annual basis in order to discuss any issues which may have arisen during the year.

# AUDIT COMMITTEE REPORT

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## Financial Reporting

The Committee has an important role in providing the Board with assurance as to the integrity of the Group's financial reporting processes and financial statements. As part of this role, the Committee considers significant accounting policies, any changes made to them, and any significant estimates and judgements.

The Committee reviews the transparency and integrity of disclosures in the financial statements. The Committee has reviewed in detail the areas of significant judgement in respect of the financial statements for the year ended 31 December 2023. In order to carry out these duties the Committee had detailed discussions on these matters with senior management and considered a report from the external auditor on the work carried out and conclusions reached. A summary of this report is included in the Audit Report set out on pages 43 to 52.

The Committee reviewed the key areas in which estimates and judgement had been applied in the preparation of the financial statements including, but not limited to:

### *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 Grant Thornton, 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.

### *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.

### *Fair, Balanced and Understandable*

The Committee, on behalf of the Board, reviewed the content of the Annual Report to ensure that, taken as a whole, it is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, position, business model and strategy.

## Risk Management, Internal Control and Internal Audit

The Board has responsibility for maintaining effective systems in relation to risk management and internal control. This includes approving the Group's risk appetite and ensuring that there is an effective risk management framework, including the overall risk assessment process, and the identification and management of new and emerging risks. On behalf of the Board, the Committee has a role in the continued development of a risk awareness culture by driving the integration of risk and strategy; the integration of robust internal controls; and the requisite behaviours and beliefs to support this at all levels of the organisation.

The Committee receives and reviews the Group's risk register to ensure that the processes for identifying, managing and mitigating risks are operating effectively. As the Group continues to grow, there is particular focus on ensuring that any changes to the Group's risk profile are recognised and matched by appropriate mitigating factors. The Board and Committee performed reviews of the updates to the Group's risk management framework as presented by management during the year. As a result, and from direction of the Committee the principal and significant risks of the Group were updated and are outlined on pages 9 to 12.

# AUDIT COMMITTEE REPORT

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## **Risk Management, Internal Control and Internal Audit** *(continued)*

The Committee engages regularly with Executive Management to ensure that appropriate measures are taken to address risks as they are identified or as their risk profile changes.

During the year the Committee reviewed the Group Internal Control Framework and commenced a plan to update the framework. Through engaging with an external advisor to provide a guide document with up-to-date industry standards on internal framework. This document will be integrated with the Group's framework and rolled out in the coming year.

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.

## **External Auditors**

The Committee is responsible for overseeing the Group's relationship with the external auditor, including reviewing the effectiveness and quality of their performance, their external audit plan, their independence from the Group and their audit fee proposals. The Group's external auditors, Grant Thornton, were appointed in May 2022 on completion of an audit tender process.

During the year, the Committee met with the external auditor, without management being present.

### *Independence and Provision of Non-Audit Services*

The Committee is responsible for ensuring that the external auditor is objective and independent. As such, Grant Thornton 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 2023. 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 Grant Thornton's independence and objectivity.

### *Effectiveness*

The external auditor presented their audit plan to the Committee prior to the commencement of the 2023 year end audit highlighting their areas of focus, significant audit risks, key audit matters, audit scope and materiality amongst other matters.

The Committee considers the effectiveness of the external auditor on an annual basis. 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. In addition, this was supported through discussion and review of the audit plan, timings and resources presented. On reviewing all of the above factors, the Committee continues to be satisfied with the performance of Grant Thornton and has informed the Board accordingly.

## **Focus for 2024**

The Committee will continue to focus on the key areas of judgement, financial reporting processes, the internal control environment and risk management in 2024.

On behalf of the Audit Committee

**Orla O'Gorman**

Chairperson of the Audit Committee

11 March 2024

# NOMINATION COMMITTEE REPORT

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On behalf of the Nomination Committee and the Board, I am pleased to present the report of the Committee for the year ended 31 December 2023. This report details the Nomination Committee's responsibilities and how the Committee discharged these duties in 2023.

## **Duties and Responsibilities**

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), Patrick Purcell, Paul Lynch and Orla O'Gorman. John Doris, who retired from the Board on 1<sup>st</sup> February 2024, was also a member of the Committee until that date. I would like to thank John for his very effective service to the Committee over the years of his membership. The Board is satisfied that the members of the Committee are Independent. The biographical details of each member are set out on pages 18 to 19. 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 2023, the Committee met on three occasions and all then members were present at these meetings. The matters dealt with by the Committee during 2023 included the following:

### **Extension of service of two directors**

The Committee met to discuss the extension of the term of service of Paddy Purcell beyond the ten - year period set out in his letter of appointment. Paddy was appointed a director in August 2013. The Committee considered that his extensive knowledge of and experience in the drilling consumable business was a significant advantage to the Board and the Company and it was agreed that he should be asked to remain as a non-executive director beyond the expiration of his ten - year term. Mr. Purcell agreed to continue to serve at the Board's discretion and subject to re-election at AGM when required.

The Committee also agreed to ask the Chairman, Hugh McCullough to continue to serve as Chairman for up to an additional three years beyond the end of his initial seven - year term which expired in December 2023. Mr. McCullough agreed to continue to serve at the Board's discretion and subject to re-election at AGM when required, up to a maximum term of ten years as provided in his letter of appointment.

These proposals were later adopted by the Board.

### **Appointment of new non-executive director**

The Committee met and discussed a number of potential candidates for the position of non-executive director arising from the impending retirement of Senior Independent Director John Doris. Following a review by the Committee of a number of potential candidates, the Committee unanimously agreed to recommend to the Board that Ms. Orla O'Gorman be co-opted to the Board as a non-executive director. This approval was thereafter officially approved, and an announcement released to the market on December 6th 2023. Orla assumed the Chair of the Audit Committee upon the retirement of John Doris in February 2024. Paul Lynch was appointed Senior Independent Director upon John's retirement.

# NOMINATION COMMITTEE REPORT

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## **Initiation of independent external Board performance review**

The Committee met to discuss the initiation of an independent external review of the Board and its committees. It was agreed to instruct Kieran Moynihan of Board Excellence to carry out such a review, which was then conducted between February and May 2023. Board Excellence is a leading provider of external board evaluations and reviews in Ireland, the UK and over 20 countries internationally.

This comprehensive evaluation of the Mincon Board and its committees had as its core objectives, an independent assessment of the Board's effectiveness, performance and compliance with;

- Quoted Companies Alliance Corporate Governance Code (the "QCA Code")
- UK Financial Reporting Council Guidance on Board effectiveness (July 2018)
- Internationally recognised board best practices
- Board Excellence's own experience and board best practices

During the review, interviews were held with all Board members, the Chief Financial Officer and the Company Secretary. Interviews were also held with the Regional Managers.

The Board Excellence final report was delivered to the Board in July 2023.

The report concluded that *"there is a highly-capable hard-working Board in place at Mincon plc which is deeply committed to the long-term sustainable success of the company and excelling on behalf of its shareholders, employees and stakeholders"*. The report's overall assessment was that the Mincon Board is currently positioned as an *"Effective board with the potential in time to be a Strong/High-performing board"*.

The report detailed a number of areas where improvement could be made which would enable the Board to become a strong/high performing board and the Committee and the Board are working to implement the recommended improvements.

# NOMINATION COMMITTEE REPORT

## Board Committees and duration of Tenure

The appointment dates, of the Directors, on the four Board Committees can be seen below.

<b>Nomination Committee</b>		
Hugh McCullough (Chair)	Appointed 2018	Independent
Patrick Purcell	Appointed 2013	
Paul Lynch	Appointed 2024	Independent
Orla O’Gorman	Appointed 2024	Independent
John Doris*	Appointed 2020	Independent

<b>Audit Committee</b>		
John Doris*	Appointed 2017	Independent
Hugh McCullough	Appointed 2016	Independent
Paul Lynch	Appointed 2019	Independent
Patrick Purcell***	Appointed 2013	
Pirita Mikkänen	Appointed 2024	Independent
Orla O’Gorman (Chair)**	Appointed 2023	Independent

<b>Remuneration Committee</b>		
Paul Lynch (Chair)	Appointed 2020	Independent
Patrick Purcell	Appointed 2013	
Hugh McCullough	Appointed 2024	Independent
John Doris*	Appointed 2017	Independent

<b>Environment and Sustainability Committee</b>		
Pirita Mikkänen (Chair)	Appointed 2022	Independent
Patrick Purcell***	Appointed 2022	
Hugh McCullough	Appointed 2022	Independent
Paul Lynch	Appointed 2022	Independent
Orla O’Gorman	Appointed 2024	Independent

\* John Doris retired from the Board and all Board Committees on 1st February 2024.

\*\* Orla O’Gorman was appointed to the Board on 6th December 2023 and as Chair of the Audit Committee on 1st February 2024.

\*\*\* Patrick Purcell retired from the Audit Committee and the Environment and Sustainability Committee on 1<sup>st</sup> February 2024.

On behalf of the Nomination Committee

**Hugh McCullough**

Chairman of the Nomination Committee

11 March 2024

# REMUNERATION COMMITTEE REPORT

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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 2023. This report details the Remuneration Committee's responsibilities and how the Committee discharged these duties in 2023.

## Duties and Responsibilities

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 practice is aligned to the Group's values and is clearly linked to the delivery of the Group's 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, the Chief Operations Officer, the Chief Financial Officer and the other Senior Executives reporting to the Chief Executive. The Committee Chairperson, 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 Operations 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
- direct and recommend for approval by the Board targets and quantum of awards issued under the long term incentive programme.

## Membership

Members, including the Chairperson, 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. During the year to 31 December 2023 the Remuneration Committee comprised Paul Lynch (chair), John Doris and Patrick Purcell. Since year end we have had a change in membership with Hugh McCullough replacing John Doris on his resignation from the Board on February 1<sup>st</sup> 2024. I would like to express the Committee's appreciation to John Doris for all his work and contribution to the Committee over the years.

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 Chairperson 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 is to ensure that pay levels are fair and appropriate, that management 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

During 2023 the Committee met on two occasions and had a quorum of members present for all these meetings. The matters dealt with by the Committee during 2023 included the following:

### *Bonus scheme for senior management 2023*

The Committee agreed a short-term incentive program for the 2023 financial year, through which the senior management team could earn up to 50% of their salary based on:

- The achievement of budgeted profit after tax for the year (up to 30% of salary)
- The delivery of targeted number of weeks' inventory being carried at the end of the year (up to 12.5% of salary)
- The delivery of a targeted number of debtors days (up to 2.5% of salary)
- The delivery of profit target for Greenhammer (up to 5% of salary)

# REMUNERATION COMMITTEE REPORT

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## *Review of proposal for issue of awards under 2022 LTIP plan*

The Committee reviewed and approved the proposal to issue options over 870,000 shares at nil cost to 30 executives across the group. These options will vest three years from date of issue conditional as to 50% on the achievement of CAGR of at least 7% in the preceding three years and 50% on the delivery of an ROCE of at least 13% in the year prior to the third anniversary of the award.

The Committee also determined that on the exercise of any vested options by Senior Executives in the group they will be precluded from selling any shares for a period of two years save as required to fund the payment of related taxes.

## *Review of remuneration of all Industrial companies listed on Aim with a market capitalisation of over £100m*

The Committee reviewed a report into the remuneration of our listed peers on the AIM market of equivalent size. The key findings of this review were:

- Remuneration for CEO, COO and CFO of Mincon was in the lower quartile of companies
- Remuneration of Mincon Chairman was also in the lower quartile
- Remuneration of Non Executive Directors was in the median of companies in that group.

The Committee concluded that our approach to remuneration was reasonable and within that of our peers.

## *Discussion on awards for 2024*

The Committee discussed with management the approach to awards in 2024. It was recommended that any such awards be focused on a narrower group of executives to facilitate a bigger incentive to key personnel charged with the delivery of the Group's strategy. Vesting conditions will be considered closer to the time of the awards.

## **Performance for year ended 31 December 2023**

Mincon did not meet its profit targets during 2023 with a backdrop of a more competitive environment and weaker market conditions in certain of our regions and segments. The company did however make good progress in driving cash generation from inventory and debtors during the year.

## **Pay Outcomes for 2023**

The impact of Mincon's performance in 2023 on the parameters of the bonus scheme were as follows:

- PAT target with a potential benefit of 30% of salary – No bonus accruing
- Inventory target with a potential benefit of 12.5% of salary – while progress was made the minimum target was not hit so no bonus accrued
- Debtor target with a benefit of 2.5% of salary – this target was fully met
- Greenhammer target with a potential benefit of 5% of salary – No bonus accruing

Overall the Executives were entitled to an bonus of 2.5% of salary in respect of the 2023 performance.

The individual awards made in 2021 under the 2013 LTIP scheme and due to vest in 2024 did not meet the performance criteria over the last three years so did not vest.

# REMUNERATION COMMITTEE REPORT

## Directors' Remuneration

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

Name	31 December 2023					31 December 2022				
	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	-	-	65	-	65	-	-	63	-	63
Non-Executive Director Patrick Purcell	-	-	-	-	-	-	-	-	-	-
Non-Executive Director John Doris	-	-	55	-	55	-	-	55	-	55
Non-Executive Director Paul Lynch	-	-	55	-	55	-	-	52	-	52
Non-Executive Director Pirita Mikkanen	-	-	55	-	55	-	-	40	-	40
Non-Executive Director Orla O'Gorman	-	-	4	-	4	-	-	-	-	-
Chief Executive Officer Joseph Purcell	200	5	-	29	234	200	84	-	29	313
Chief Operations Officer Thomas Purcell	222	5	-	30	257	228	87	-	30	345
<b>Total executive and non-executive remuneration</b>	<b>422</b>	<b>10</b>	<b>234</b>	<b>59</b>	<b>725</b>	<b>428</b>	<b>171</b>	<b>210</b>	<b>59</b>	<b>868</b>

## 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 on our corporate website.

On behalf of the Remuneration Committee

**Paul Lynch**

Chairperson of the Remuneration Committee

11 March 2024

# ENVIRONMENT & SUSTAINABILITY COMMITTEE REPORT

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On behalf of the Environment & Sustainability Committee and the Board, I am pleased to present the report of the Committee for the year ended 31 December 2023. This report details the Environment & Sustainability Committee's responsibilities and how the Committee discharged these duties in 2023.

## Duties and Responsibilities

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

- assess the effectiveness of the Group's policies, programmes, practices and systems for: identifying, managing, and mitigating or eliminating Environment and Sustainability risks in connection with the Group's operations and corporate activity; and ensuring compliance with relevant legal and regulatory requirements and industry standards and guidelines applicable to Environment and Sustainability matters;
- monitor and review current and emerging Environment and Sustainability trends, relevant international standards and legislative requirements and identify how these are likely to impact on the strategy, operations, and reputation of the Group; and determine whether and how these are incorporated into or reflected in the Group's Environment and Sustainability policies and objectives;
- assess the performance of the Group with regard to the impact of decisions relating to Environmental and Sustainability matters, including any social or community projects undertaken, and related actions upon employees, communities and other third parties;
- review the quality and integrity of internal and external reporting of Environment and Sustainability matters and performance to ensure that the Company provides appropriate information, complies with reporting obligations and good industry practice;
- support and provide guidance to management in developing and updating policies and procedures relating to employee health and safety, environment and social responsibility; and
- make recommendations to the Board on any of the matters listed above that the Committee considers appropriate.

## Membership

Members, including the Chairperson, are appointed to the Committee by the Board. The Environment & Sustainability Committee comprises Pirita Mikkanen (Chair), Hugh McCullough, Paul Lynch and Orla O'Gorman. Only members of the Committee and the Committee Secretary have the right to attend Committee meetings.

However, other individuals, including the Chairman of the Board (where not a member of the Committee), the Group Chief Executive Officer (where not a member of the Committee), and other Mincon executives from within individual business units of the Company and its subsidiaries (the "Group") and external advisers may be invited by the Committee Chair to attend for all or part of any meeting when considered appropriate. The Committee Chairperson acts as the secretary to the Committee.

## Meetings

The committee shall meet at least two times in each year, and at such other times as the Committee Chair may determine. During 2023, the Committee met on three occasions and had a quorum present at all these meetings. The Committee also regularly invites the Chief Financial Officer, executive management members of Mincon and relevant Mincon and external experts to attend the Committee meetings.

## Performance Outcome and Environment & Sustainability for 2023

Mincon has adopted the UN Sustainable Development Goals (SDG) as the framework for sustainability activities. Simultaneously, the Committee is working with Mincon management to fulfil the future requirements of EU legislation and stakeholder demands. Consequently, Mincon is adopting the requirements of Corporate Sustainability Reporting Standard (CSRD) and incorporating climate risk assessment into annual risk review.

The Sustainability report of Mincon was published in August. This report included the measures and initiatives to meet the company's sustainability goals by 2040. Mincon has shown good progress for the selected 5 out of 17 SDG targets that are the most relevant for our business. Mincon next sustainability report will be published in March 2024 and thereof it is published along with annual reporting.

On behalf of the Environment & Sustainability Committee

## Pirita Mikkanen

Chairperson of the Environment & Sustainability Committee

11 March 2024

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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### 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 responsibility 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 2024

# CORPORATE RESPONSIBILITY

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Part of Mincon's strategic goals is to meaningfully contribute to the environment, to the communities in where we operate and for all our stakeholders.

## **Environment & Sustainability**

Our objective is to take the necessary steps to reducing our carbon footprint through further investing in manufacturing that requires less energy and to develop more environmentally friendly products for our customers.

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 initiatives include a Carbon Disclosure Project (CDP) – an EU plan for businesses to declare their energy usage and associated carbon dioxide emissions. As part of this, Mincon has implemented solutions for measuring and monitoring all forms of energy usage. The outcome of this is to reduce carbon dioxide emissions, comply with environmental legislation, and improve cost-effectiveness.

The CDP help's us to 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.

Efficiency and sustainability is integral to our business growth strategy. We have manufacturing facilities in the same regions as customer operations in order to drastically reduce our reliance on carbon-intensive intercontinental logistics, while simultaneously improving our customer service.

The core focus of all Mincon's engineering efforts is to improve the energy efficiency of our products. As such, we're also motivated to reduce the energy requirements – and related emissions – associated with the manufacturing of our products. Our engineering and environmental ethos ensures that there will be ongoing savings once products are in our customers' hands.

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.

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

Our corporate environmental responsibility (CER) goal 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.

Further information on the Group's energy management can be found within our 2023 sustainability report on the Group's website at:

<https://corporate.mincon.com/investors/financial-information/>

## **Waste Management**

Mincon's factories actively reclaim and recycle waste material generated during manufacturing. Recycled materials include, but are not limited to scrap metal, swarf, offcuts, lubricating oils, cutting fluids, and solid oily waste. Recycling and collection are done in conjunction with certified local recyclers and waste-management experts.

# CORPORATE RESPONSIBILITY

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## **Waste Management (*continued*)**

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.

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 & Anti-Slavery Policies**

Mincon's Board, and Senior Management 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.

## **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.

Mincon is committed to complying with all labour laws in the countries that it operates. Practices 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

# CORPORATE RESPONSIBILITY

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## **Employees(continued)**

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 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 Social Responsibility**

Mincon has always been an active member of the communities in which we operate and this is reflected through our core social values:

- 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. Our current programmes are updated through our website at: <https://corporate.mincon.com>

# Independent auditor's report to the members of Mincon Group PLC

## Opinion

We have audited the financial statements of Mincon Group PLC (“the Company”) and its subsidiaries (“the Group”), which comprise the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statements of Changes in Equity, for the financial year ended 31 December 2023, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union for the Group and accounting standards issued by the Financial Reporting Council including FRS 101 “Reduced Disclosure Framework” (Generally Accepted Accounting Practice in Ireland) for the Company.

In our opinion:

- the consolidated financial statements give a true and fair view in accordance with IFRS as adopted by the European Union, of the assets, liabilities and financial position of the Group as at 31 December 2023 and of the Group's financial performance and cash flows for the financial year then ended;
- the Company's statement of financial position gives a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, of the assets, liabilities and financial position of the Company as at 31 December 2023; 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 ‘Responsibilities of the auditor for the audit of the financial statements’ section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the Group and Company. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# Independent auditor's report to the members of Mincon Group PLC

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and company's ability to continue as a going concern basis of accounting included:

- Gaining an understanding of the business and the associated processes of management in the going concern assessment.
- Evaluating management's future cash flow forecasts, the process by which they were prepared, and assessed the calculations are mathematically accurate the cashflow forecast is prepared up to 31 December 2026.
- Challenging the underlying key assumptions such as expected cash inflow from product sales and cash outflow from purchases of inventory and other operating expenses.
- Regarding revenue expectations, challenging the estimates made by management by assessing whether the estimates regarding sales forecasts and sales prices are in line with historical revenues to date and current contracts in place.
- We also assessed a sensitivity analysis of management using the low end of revenue forecasts and accompanying key assumptions to ascertain the extent of change in those assumptions that either individually or collectively would lead to alternative conclusions.
- Making inquiries with management and reviewing the board minutes and available other available written communication in order to understand the future plans and to identify potential contradictory information.
- Assessing the adequacy of the disclosures with respect to the going concern assertion.

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 Group and 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.

# Independent auditor's report to the members of Mincon Group PLC

## **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and the directing of 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 therefore we do not provide a separate opinion on these matters.

## *Overall audit strategy*

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example, in respect of significant accounting estimates in particular regarding the valuation of intangibles and goodwill and investment in subsidiary undertakings that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was any evidence of potential bias that could result in a risk of material misstatement due to fraud.

Based on our considerations as set out below, our areas of focus included:

- Revenue recognition (cut-off)
- Valuation of intangibles and goodwill
- Investment in subsidiary undertakings (Company only)

## *How we tailored the audit scope*

Mincon Group PLC is an Irish engineering Group listed on the AIM Market of the London Stock Exchange and the Euronext Growth Market. The Group specialises in the design, manufacture, sale and servicing of rock drilling tools and associated products.

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

We performed an audit of the complete financial information of 10 components and performed audit procedures on specific balances for a further four components. The components we performed an audit of the complete financial information accounted for 81% of total assets, 80% of total inventories and 79% of total revenue before consolidation adjustments. The components we performed audit procedures on specific balances accounted for another 7% of total assets, 14% of total inventories and 15% of total revenue before consolidation adjustments.

Components represent companies across the Group considered for audit scoping purposes.

# Independent auditor's report to the members of Mincon Group PLC

## *Materiality and audit approach*

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, such as our understanding of the Group and its environment, the history of misstatements, the complexity of the Group and the reliability of the control environment, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

<b>Overall Group</b>	<b>2023</b>	<b>2022</b>
<b>Materiality</b>	€500,000	€800,000
<b>Basis for determining materiality</b>	5% of Group profit before taxation	5% of Group profit before taxation
<b>Rational for the benchmark applied</b>	<p>We determined that the Group profit before tax measure is appropriate considering that the Group is profit-making and its principal activities as an engineering company is to design, manufacture, selling and servicing of rock drilling tools and associated products, such that the Group profit before tax is considered to be a key financial metric for users of the financial statements.</p> <p>We allocated group materiality to significant components dependent on the size and our assessment of the risk of material misstatement of that component.</p>	
<b>Performance materiality</b>	€325,000	€520,000
<b>Basis for determining performance materiality</b>	<p>65% of materiality having considered our prior year experience of the risk of misstatements, business risks and fraud risks associated with the entity and its control environment, our expectations about misstatements and our understanding of the business and processes of the Group and Company. This is to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p>	

We agreed with the audit committee and directors that we would report to them misstatements identified during our audit above 3% of group materiality, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

*Significant matters identified*

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are set out below as significant matters together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

<b>Significant matters impacting the Group</b>	<b>Description of Significant matter and Audit Response</b>
<p><i>Revenue recognition (cut-off)</i>  (Notes 3 and 4)</p>	<p>Under ISA (Ireland) 240 ‘The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements’, there is a presumption that there are risks of fraud in revenue recognition.</p> <p>The Group’s standard policy is to recognise revenue when goods ship and risks and responsibility is transferred to the customer, as a consequence, some revenue arrangements have a cut-off risk at year end.</p> <p>Based on the above we considered this as a key audit matter. Revenue for the financial year ended 31 December 2023 was €156.9m (2022: €170.0m).</p> <p>We performed the following audit procedures to address the risk:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding and assessed the design and implementation of revenue processes and relevant controls in place in relation to revenue recognition; this includes performing a walkthrough per revenue stream.</li> <li>• We performed substantive procedures over a sample of revenue transactions. These were vouched to supporting documents to assess the appropriateness of revenue recognition in terms of IFRS 15 criteria.</li> <li>• We reviewed and tested subsequent quantity adjustments from the end customer and verified that it is adequately reflected in the revenue recognised for the financial year ended 31 December 2023.</li> <li>• We performed cut off testing around year-end transactions to verify that revenue was recognised in the correct period and verified that the corresponding cost of sales were appropriately accounted for by reviewing manual adjustments.</li> <li>• We reviewed and tested the credit notes issued from 01 January 2024 up to the date of the report to ensure revenue is not materially overstated.</li> <li>• We reviewed the margins on sales and reviewed the extent to which open customer orders were supported by inventory to support the margin, in order to identify any increased risk exposure.</li> <li>• We reviewed disclosures regarding Revenue in terms of the disclosure requirements of IFRS 15.</li> </ul> <p><b>Key observations:</b></p> <p>On the basis of the work performed we consider the policies applied to revenue recognition to be reasonable. We did not identify any material misstatements. We assessed the disclosures in respect of revenue to be in accordance with the IFRS 15 requirements.</p>

Significant matters impacting the Group	Description of Significant matter and Audit Response
<p><i>Valuation of Intangible Assets and Goodwill</i></p> <p>(Notes 3 and 12)</p>	<p>Management performs an annual impairment assessment in terms of Intangible Assets and Goodwill.</p> <p>Conducting this review is complex, judgemental and applies numerous significant assumptions regarding growth, revenue forecasts, EBITDA margin and WACC.</p> <p>Intangible Assets and Goodwill as at 31 December 2023 were €40.6m (2022: €40.1m).</p> <p>Based on the foregoing, we considered this as a key audit matter.</p> <p>We performed the following audit procedures to address the risk:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the design and implementation of the processes and relevant controls over the valuation of intangible assets and goodwill.</li> <li>• We obtained and critically assessed the impairment models and the supporting documentation prepared by management regarding the recoverability of both internally generated intangible asset and Goodwill held as at the financial year-end.</li> <li>• Critically reviewed and challenged Management’s assessment and considered whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions and other information obtained during the audit.</li> <li>• We performed procedures to evaluate and conclude on the competence and independence of the Management expert.</li> <li>• Critically reviewed the Discounted Cash Flow model used in the impairment assessment for Goodwill and challenged the appropriateness of estimates and assumptions.</li> <li>• We reviewed the sensitivity analysis prepared by management/management expert and reviewed the key assumptions/inputs of the sensitivity analysis.</li> <li>• We performed integrity checks on the applicable models.</li> <li>• We reviewed the financial statements disclosures to ensure adequate disclosure.</li> </ul> <p><b>Key observations:</b></p> <p>Based on the work performed we considered that the policies applied to the valuation of Intangible Assets and Goodwill are reasonable. We did not identify any material misstatements. We have assessed management’s judgements and estimates to be supported with appropriate assumptions. We concluded that the disclosure for the Intangible Assets and Goodwill provided sufficient detail to the user to allow an understanding of the impairment assessment.</p>

Significant matters impacting the Group	Description of Significant matter and Audit Response
<p><i>Valuation of Investments in subsidiary undertakings</i></p> <p>(Note 1 and Note 3)</p>	<p>The investment in subsidiary undertakings is carried at the Company's financial statements at cost less impairment.</p> <p>The investment in subsidiary undertaking as at 31 December 2023 was €66.7m (2022: €69.8m) has been identified as a material balance to the Company's financial statements. In addition, there is a risk that the future cash flows and performance of the undertakings might not be sufficient to support the carrying value of the investment. As a result, we considered this as a key audit matter.</p> <p>We performed the following audit procedures to address the risk:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the design and implementation of the processes and relevant controls over the valuation of investments in subsidiary undertakings.</li> <li>• We reviewed management's assessment of the recoverability of investments in subsidiary undertaking and critically assessed and evaluated the assumptions made in management's assessment.</li> <li>• We obtained the net asset details of each subsidiary undertaking and compared it to the carrying amount of the investment undertakings recognised.</li> <li>• We inquired about significant changes that could have an adverse effect on the Company's subsidiary undertakings and have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, the company undertakings' operates.</li> <li>• We reviewed minutes of meetings, other external sources and risk registers to identify any matters which could impact on the recoverability of the investments in subsidiary undertakings.</li> </ul> <p><b>Key observations:</b> Based on the procedures performed we have assessed management's measurement of the carrying value of the investment in subsidiary undertakings to be appropriate. We did not identify any material misstatements.</p>

### Other information

Other information comprises information included in the annual report, other than the financial statements and the auditor's report thereon, including the Directors' Report, Statement of Directors' Corporate Governance, Audit Committee Report, Nominations Committee Report, Remuneration Committee Report and the Environment and Sustainability Report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Matters on which we are required to report by the Companies Act 2014**

- We have obtained all the information and explanations which we consider necessary for the purposes 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.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' report is consistent with the financial statements. Based solely on the work undertaken in the course of our audit, in our opinion, the Directors' report has been prepared in accordance with the requirements of the Companies Act 2014.

**Matters on which we are required to report by exception**

Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act have not been made. We have no exceptions to report arising from this responsibility.

**Responsibilities of management and those charged with governance for the financial statements**

As explained more fully in the Statement of Directors' Responsibilities management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union for the Group and in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 101, for the Company, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

**Responsibilities of the auditor for the audit of the financial statements**

The objectives of an auditor 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

**Responsibilities of the auditor for the audit of the financial statements (continued)**

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: [http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf). This description forms part of our auditor's report.

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (Ireland).

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Euronext Growth Stock Exchange Listing Rules, AIM Listing Rules as per the London Stock Exchange, Data Privacy Law, Employment Law and Health & Safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the local law, Companies Act 2014 and Irish tax legislation. The Audit engagement partner considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statement.

The group engagement team shared the risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

- enquiries of management board, risk and compliance and legal functions and audit committee on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Group's regulatory and legal correspondence and review of minutes of board, director's and audit committee meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;

- challenging assumptions and judgements made by management in their significant accounting estimates, including impairment assessment of assets and provisions;
- performing a detailed review of the Group's year-end adjusting entries and investigating any that appear unusual as to nature or amount and agreeing to supporting documentation;
- reviewing of the financial statement disclosures to underlying supporting documentation and inquiries of management; and
- requesting the component auditors to report any identification of instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements as part of the Group instructions and procedures that were required to be performed.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

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

This 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.



Cathal Kelly

For and on behalf of

**Grant Thornton**

Chartered Accountants & Statutory Audit Firm  
13-18 City Quay  
Dublin 2  
Ireland

11 March 2024

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Notes	2023 €'000	2022 €'000
<b>Continuing operations</b>			
Revenue.....	4	156,931	170,008
Cost of sales.....	6	(111,408)	(115,938)
<b>Gross profit</b> .....		<b>45,523</b>	<b>54,070</b>
Operating costs.....	6	(33,233)	(34,321)
<b>Operating profit</b> .....		<b>12,290</b>	<b>19,749</b>
Finance costs .....	7	(2,472)	(1,479)
Finance income.....		90	26
Foreign exchange (loss)/gain .....		(1,001)	469
Movement on deferred consideration .....	22	(3)	(31)
<b>Profit before tax</b> .....		<b>8,904</b>	<b>18,734</b>
Income tax expense .....	11	(1,434)	(4,030)
<b>Profit for the period</b> .....		<b>7,470</b>	<b>14,704</b>
<b>Profit attributable to:</b>			
- owners of the Parent		7,470	14,704
<b>Earnings per Ordinary Share</b>			
Basic earnings per share,	20	3.52	6.92
Diluted earnings per share,	20	3.50	6.85

*The notes on pages 58 to 94 are an integral part of these consolidated financial statements.*

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 €'000	2022 €'000
<b>Profit for the year</b> .....	<b>7,470</b>	<b>14,704</b>
<i>Other comprehensive loss:</i>		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation – foreign operations .....	(2,280)	(418)
Other comprehensive (loss) for the year .....	(2,280)	(418)
<b>Total comprehensive income for the year</b> .....	<b>5,190</b>	<b>14,286</b>
<b>Total comprehensive income attributable to:</b>		
- owners of the Parent .....	<b>5,190</b>	<b>14,286</b>

*The notes on pages 58 to 94 are an integral part of these consolidated financial statements.*

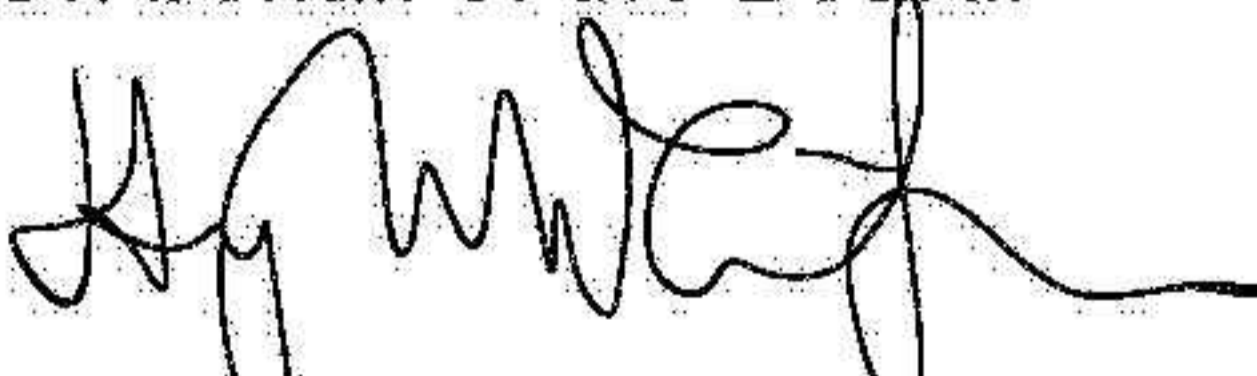
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 €'000	2022 €'000
<b>Non-Current Assets</b>			
Intangible assets and goodwill .....	12	40,625	40,109
Property, plant and equipment .....	13	54,763	53,004
Deferred tax asset .....	11	2,664	2,050
<b>Total Non-Current Assets .....</b>		<b>98,052</b>	<b>95,163</b>
<b>Current Assets</b>			
Inventory and capital equipment .....	14	69,730	76,911
Trade and other receivables .....	15a	21,616	23,872
Prepayments and other current assets .....	15b	8,609	12,727
Current tax asset .....		1,007	305
Cash and cash equivalents .....	22	20,482	15,939
<b>Total Current Assets .....</b>		<b>121,444</b>	<b>129,754</b>
<b>Total Assets .....</b>		<b>219,496</b>	<b>224,917</b>
<b>Equity</b>			
Ordinary share capital .....	19	2,125	2,125
Share premium .....		67,647	67,647
Undenominated capital .....		39	39
Merger reserve .....		(17,393)	(17,393)
Share based payment reserve .....		2,241	2,505
Foreign currency translation reserve .....		(7,866)	(5,586)
Retained earnings .....		107,458	104,449
<b>Total Equity .....</b>		<b>154,251</b>	<b>153,786</b>
<b>Non-Current Liabilities</b>			
Loans and borrowings .....	18	26,032	26,971
Deferred tax liability .....	11	2,099	2,046
Deferred consideration .....	22	1,998	1,705
Other liabilities .....		932	833
<b>Total Non-Current Liabilities .....</b>		<b>31,061</b>	<b>31,555</b>
<b>Current Liabilities</b>			
Loans and borrowings .....	18	14,080	14,973
Trade and other payables .....	16	10,505	14,420
Accrued and other liabilities .....	16	8,596	8,699
Current tax liability .....		1,003	1,484
<b>Total Current Liabilities .....</b>		<b>34,184</b>	<b>39,576</b>
<b>Total Liabilities .....</b>		<b>65,245</b>	<b>71,131</b>
<b>Total Equity and Liabilities .....</b>		<b>219,496</b>	<b>224,917</b>

The notes on pages 58 to 94 are an integral part of these consolidated financial statements.

On behalf of the Board:

  
**Hugh McCullough**  
 Chairman

  
**Joseph Purcell**  
 Chief Executive Officer

11 March 2024

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 €'000	2022 €'000
<b>Operating activities:</b>			
Profit for the period		7,470	14,704
<i>Adjustments to reconcile profit to net cash provided by operating activities:</i>			
Depreciation	13	7,997	7,782
Amortisation of intellectual property	12	216	190
Amortisation of internally generated intangible asset	12	485	121
Movement on deferred consideration		3	31
Finance cost	7	2,472	1,479
Finance income		(90)	(26)
(Gain)/loss on sale of property, plant and equipment		(100)	32
Income tax expense	11	1,434	4,030
Other non-cash movements		1,009	(459)
		20,896	27,884
Changes in trade and other receivables		1,694	1,354
Changes in prepayments and other assets		3,993	(3,848)
Changes in inventory		5,596	(13,463)
Changes in trade and other payables		(3,613)	1,632
Cash provided by operations		28,566	13,559
Interest received		90	26
Interest paid		(2,472)	(1,479)
Income taxes paid		(3,693)	(4,042)
<b>Net cash provided by operating activities</b>		<b>22,491</b>	<b>8,064</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	13	(10,201)	(7,309)
Proceeds from the sale of property, plant and equipment	13	471	996
Investment in intangible assets	12	-	(285)
Acquisitions of subsidiary, net of cash acquired	9	-	(1,014)
Investment in acquired intangible assets	12	(158)	(147)
Payment of deferred consideration	22	(1,054)	(2,628)
<b>Net cash used in investing activities</b>		<b>(10,942)</b>	<b>(10,387)</b>
<b>Financing activities</b>			
Dividends paid	19	(4,461)	(4,462)
Repayment of borrowings	18	(5,350)	(4,107)
Repayment of lease liabilities	18	(4,194)	(3,993)
Drawdown of loans	18	7,223	11,478
<b>Net cash provided (used in) financing activities</b>		<b>(6,782)</b>	<b>(1,084)</b>
Effect of foreign exchange rate changes on cash		(224)	297
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,543</b>	<b>(3,110)</b>
Cash and cash equivalents at the beginning of the year		15,939	19,049
<b>Cash and cash equivalents at the end of the year</b>		<b>20,482</b>	<b>15,939</b>

The notes on page 58 to 94 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	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 equity €'000
Balances at 1 January 2022.....	2,125	67,647	(17,393)	39	2,695	(5,168)	94,207	144,152
<b>Comprehensive income:</b>								
Profit for the year.....	-	-	-	-	-	-	14,704	14,704
<b>Other comprehensive (loss):</b>								
Foreign currency translation.....	-	-	-	-	-	(418)	-	(418)
<b>Total comprehensive income.....</b>						<b>(418)</b>	<b>14,704</b>	<b>14,286</b>
<b>Transactions with Shareholders:</b>								
Issuance of share capital.....	-	-	-	-	-	-	-	-
Share based payments.....	-	-	-	-	(190)	-	-	(190)
Dividends.....	-	-	-	-	-	-	(4,462)	(4,462)
<b>Total transactions with Shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(190)</b>	<b>-</b>	<b>(4,462)</b>	<b>(4,652)</b>
Balances at 31 December 2022 .....	2,125	67,647	(17,393)	39	2,505	(5,586)	104,449	153,786
<b>Comprehensive income:</b>								
Profit for the year.....	-	-	-	-	-	-	7,470	7,470
<b>Other comprehensive (loss):</b>								
Foreign currency translation.....	-	-	-	-	-	(2,280)	-	(2,280)
<b>Total comprehensive income.....</b>						<b>(2,280)</b>	<b>7,470</b>	<b>5,190</b>
<b>Transactions with Shareholders:</b>								
Issuance of share capital .....	-	-	-	-	-	-	-	-
Share-based payments.....	-	-	-	-	(264)	-	-	(264)
Dividends.....	-	-	-	-	-	-	(4,461)	(4,461)
<b>Total transactions with Shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(264)</b>	<b>-</b>	<b>(4,461)</b>	<b>(4,725)</b>
Balances at 31 December 2023 .....	2,125	67,647	(17,393)	39	2,241	(7,866)	107,458	154,251

The notes on page 58 to 94 are an integral part of these consolidated financial statements. See note 19 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 Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2023. All subsidiaries have a reporting date of 31 December.

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 2023 and 31 December 2022.

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

#### New Standards adopted as at 1 January 2023

- IFRS 17 Insurance Contracts
- IAS 8 Definition of Accounting Estimates
- IAS 1 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- IAS 12 International Tax Reform – Pillar Two Model Rules

## Notes to the Consolidated Financial Statements *(continued)*

### 3. Significant accounting principles, accounting estimates and judgements *(continued)*

Standards, amendments and Interpretations to existing Standards that are not yet effective

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements)
- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

#### **Segment Reporting**

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

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

The Group has determined that it has one reportable segment (see Note 5). The Group is managed as a single business unit that sells drilling equipment, primarily manufactured by Mincon manufacturing sites.

#### **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.

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.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as accruals and other liabilities in its consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

## Notes to the Consolidated Financial Statements *(continued)*

### 3. Significant accounting principles, accounting estimates and judgements *(continued)*

#### Revenue Recognition *(continued)*

The Group has elected to apply IFRS 15 Practical expedient, the Group need not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

#### 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. Current government grants have no conditions attached.

#### 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:

- 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.

**3. Significant accounting principles, accounting estimates and judgements** *(continued)*

**Leases** *(continued)*

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

*(i) As a lessee*

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

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

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

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

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

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

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

*(ii) As a lessor*

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

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

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

**Short term leases and leases of low-value assets**

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

## Notes to the Consolidated Financial Statements *(continued)*

### 3. Significant accounting principles, accounting estimates and judgements *(continued)*

#### **Inventories and capital equipment**

Inventories and capital equipment (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.

Recognising an internally developed intangible assets post the development phase once the company has assessed the development phase is complete and the asset is ready for use. Internally generated assets have an infinite life. They will be amortised over a fifteen year period on a straight line basis. Currently there is thirteen years and nine months remaining on the amortisation.

#### **Foreign Currency**

##### *Foreign currency transactions*

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

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

Exchange rates for major currencies used in the various reporting periods are shown in note 22.

##### *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.

## Notes to the Consolidated Financial Statements (continued)

### 3. Significant accounting principles, accounting estimates and judgements (continued)

#### Business combinations and consolidation (continued)

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.

#### 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.

3. Significant accounting principles, accounting estimates and judgements (continued)

**Financial Assets and Liabilities**

*Classification and initial measurement of financial assets financial liabilities.*

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. 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.

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

*Subsequent measurement of financial assets and financial liabilities*

*Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

*Financial liabilities at amortised cost*

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

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. Financial assets are assessed at each reporting date. The Group derecognises (fully or partially) a financial liability when the obligation specified in the contract is discharged or otherwise expires.

*Impairment of financial assets*

Financial assets are assessed from initial recognition and at each reporting date to determine whether there is a requirement for impairment. Financial assets require their expected lifetime losses to be recognised from initial recognition.

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost, trade and other receivables.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category (ie Stage 1) while 'lifetime expected credit losses' are recognised for the second category (ie Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

## **Notes to the Consolidated Financial Statements** *(continued)*

### **3. Significant accounting principles, accounting estimates and judgements** *(continued)*

#### **Financial Assets and Liabilities** *(continued)*

##### **Trade and other receivables**

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade and other receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

##### **Borrowing costs**

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

##### **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.

##### **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.

#### **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.

#### **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.

#### **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.

## Notes to the Consolidated Financial Statements *(continued)*

### 3. Significant accounting principles, accounting estimates and judgements *(continued)*

#### Financial Assets and Liabilities *(continued)*

##### Share-based payment transactions *(continued)*

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. It is reversed only where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the Group before the end of the vesting period and forfeits those options in consequence.

##### 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.

##### *Climate-related matters*

Consistent with the prior year, as at 31 December 2023, the Group has not identified significant risks induced by climate changes that could negatively and materially affect the estimates and judgements currently used in the Group's financial statements. Management continuously assesses the impact of climate-related matters.

##### *Goodwill*

The initial recognition of goodwill represents management's 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.

##### *Useful life and residual values of Intangible Assets*

Distinguishing the research and development phase, determining the useful life, and deciding whether the recognition requirements for the capitalisation of development costs of new projects are met all require judgement. These judgements are based on historical experience and various other factors that are believed to be reasonable under the prevailing circumstances.

After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

##### *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.

## Notes to the Consolidated Financial Statements (continued)

### 3. Significant accounting principles, accounting estimates and judgements (continued)

#### Critical accounting estimates and judgements (continued)

##### Trade and other receivables (continued)

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 and considered at each reporting date. 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.

	2023 €'000	2022 €'000
<b>Product revenue:</b>		
Sale of Mincon product .....	128,294	141,830
Sale of third party product .....	28,637	28,178
<b>Total revenue .....</b>	<b>156,931</b>	<b>170,008</b>

The Group's revenue disaggregated by primary geographical markets are disclosed in Note 5.

The Group recognised contract liability amounting to €1 million as at 31 December 2023 (2022:€NIL) which represent customer payments received in advance of performance that are expected to be recognised within the next financial year. Contract liability is recorded under Other accruals and other liabilities (Note 16).

### 5. Operating Segment

The CODM assesses operating segment performance based on operating profit. Segment revenue for the year ended 31 December 2023 of €156.9 million (2022: €170 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):

	2023 €'000	2022 €'000
<b>Region:</b>		
Ireland .....	1,619	2,974
Americas .....	66,466	69,752
Australasia .....	14,344	16,882
Europe, Middle East, Africa .....	74,502	80,400
<b>Total revenue from continuing operations .....</b>	<b>156,931</b>	<b>170,008</b>

## Notes to the Consolidated Financial Statements (continued)

### 5. Operating Segment (continued)

During 2023, Mincon had sales in the USA of €38.4 million (2022: €42.4 million), this contributed to more than 10% of the entire Group's sales for 2023.

	2023	2022
	€'000	€'000
<b>Region:</b>		
Americas .....	16,352	17,752
Australasia .....	11,060	12,252
Europe, Middle East, Africa .....	67,976	63,109
<b>Total non-current assets<sup>(1)</sup> .....</b>	<b>95,388</b>	<b>93,113</b>

(1) Non-current assets exclude deferred tax assets.

During 2023, Mincon held non-current assets (excluding deferred tax assets) in Ireland of €23.5 million (2022: €17.6 million), in the USA of €11.7 million (2022: €12.5 million) these separately contributed to more than 10% of the entire Group's non-current assets (excluding deferred tax assets) for 2023.

	2023	2022
	€'000	€'000
<b>Region:</b>		
Americas .....	5,883	6,839
Australasia .....	1,988	2,555
Europe, Middle East, Africa .....	21,091	20,115
<b>Total non-current liabilities<sup>(1)</sup> .....</b>	<b>28,962</b>	<b>29,509</b>

(1) Non-current liabilities exclude deferred tax liabilities.

During 2023, Mincon held non-current liabilities (excluding deferred tax liabilities) in Ireland of €15.7 million (2022: €13.5 million), this contributed to more than 10% of the entire Group's non-current liabilities (excluding deferred tax liabilities) for 2023.

### 6. Cost of Sales and operating expenses

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

#### Cost of sales

	2023	2022
	€'000	€'000
Raw materials .....	46,201	45,523
Third party product purchases .....	22,194	21,838
Employee costs .....	20,980	23,093
Depreciation (note 13) .....	5,387	5,194
In bound costs on purchases .....	3,200	4,759
Energy costs .....	2,735	3,116
Maintenance of machinery .....	1,529	2,120
Subcontracting .....	4,884	7,139
Amortisation of product development .....	485	121
Other .....	3,813	3,035
<b>Total cost of sales .....</b>	<b>111,408</b>	<b>115,938</b>

The Group invested approximately €4.1 million on research and development projects in 2023 (2022: €4.4 million). €4.1 million of this has been expensed in the period (2022: €4.1 million), with the balance of €NIL of development costs capitalised (2022: €285,000) (note 12).

## Notes to the Consolidated Financial Statements (continued)

### 6. Cost of Sales and operating expenses (continued)

#### Operating costs

	2023	2022
	€'000	€'000
Employee costs (including director emoluments) .....	19,726	20,370
Depreciation (note 13).....	2,610	2,588
Amortisation of acquired IP .....	215	190
Travel .....	1,812	1,927
Professional costs .....	2,425	2,637
Administration.....	2,938	2,997
Marketing.....	791	706
Legal cost.....	715	846
Other.....	2,001	2,060
<b>Total other operating costs</b> .....	<b>33,233</b>	<b>34,321</b>

The Group recognised €56,000 in Government Grants in 2023 (2022: €119,000). These grants differ in structure from country to country, they primarily relate to personnel costs.

#### 7. Finance costs

	2023	2022
	€'000	€'000
Interest on lease liabilities .....	698	609
Interest on loans and borrowings .....	1,774	870
<b>Finance costs</b> .....	<b>2,472</b>	<b>1,479</b>

#### 8. Employee information

	2023	2022
	€'000	€'000
Wages and salaries – excluding directors.....	34,633	36,085
Wages, salaries, fees and retirement benefit – directors (note 10) .....	725	868
Social security costs .....	3,409	4,428
Retirement benefit costs of defined contribution plans .....	2,203	2,272
Share based payment expense (note 21) .....	(264)	(190)
<b>Total employee costs</b> .....	<b>40,706</b>	<b>43,463</b>

In addition to the above employee costs, the Group capitalised payroll costs of €NIL in 2023 (2022: €151,000) in relation to development.

At 31 December 2023, there was €445,000 (2022: €234,000) accrued for and not in paid pension contributions.

The average number of employees was as follows:

	2023	2022
	Number	Number
Sales and distribution .....	136	133
General and administration .....	77	75
Manufacturing, service and development .....	391	417
<b>Average number of persons employed</b> .....	<b>604</b>	<b>625</b>

#### Retirement benefit and Other Employee Benefit Plans

The Group operates various defined contribution retirement benefit plans. During the year ended 31 December 2023, the Group recorded €2.2 million (2022: €2.3 million) of expense in connection with these plans.

**9. Acquisitions & Disposals**

**2023 Acquisition**

Mincon Group had no acquisitions in 2023.

**2022 Acquisition**

In January 2022, Mincon acquired 100% shareholding in Spartan Drilling Tools, a manufacturer of drill pipe and related products based in the USA for a consideration of €1,014,000. Spartan Drilling Tools was acquired to manufacture drill pipe closer to the end user in the America's region.

**A. Consideration transferred**

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

	Spartan Drilling Tools €'000	Total €'000
Consideration transferred .....	1,014	1,014
<b>Total consideration transferred .....</b>	<b>1,014</b>	<b>1,014</b>

**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 .....	480
Right of use assets .....	455
Inventories .....	369
Trade receivables .....	133
Other assets .....	63
Trade and other payables .....	(83)
Right of use liabilities .....	(455)
Other accruals and liabilities .....	(109)
<b>Fair value of identifiable net assets acquired .....</b>	<b>853</b>

**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.
Trade receivables	All receivable balances were assessed and all are collectable.
Trade and other payables	All were assessed and deemed payable to credible suppliers
Other current assets	All were assessed for recoverability and all is recoverable
Other accruals and liabilities	All were assessed for credibility and deemed payable

**Notes to the Consolidated Financial Statements (continued)**

**9. Acquisitions & Disposals (continued)**

The loss from the acquisition of Spartan Drilling Tools has been consolidated into the Mincon Group 2022 profit for the reporting period.

**Goodwill**

Goodwill of €161,000 is primarily due to growth expectations, expected future profitability and expected cost synergies.

Goodwill arising from the acquisition has been recognised as follows.

	Spartan Drilling Tools €'000	Total 2022 €'000
Consideration transferred .....	1,014	1,014
Fair value of identifiable net assets .....	(853)	(853)
<b>Goodwill</b> .....	<b>161</b>	<b>161</b>

**10. Statutory and other required disclosures**

Operating profit is stated after charging the following amounts:

	2023 €'000	2022 €'000
<b>Directors' remuneration</b>		
Fees.....	234	210
Wages and salaries.....	432	599
Retirement benefit contributions .....	59	59
<b>Total directors' remuneration</b> .....	<b>725</b>	<b>868</b>
<b>Auditor's remuneration</b>		
Auditor's remuneration – Fees payable to lead audit firm		
Audit of the Group financial statements .....	188	180
Audit of the Company financial statements .....	10	10
Other assurance services .....	15	13
	<b>213</b>	<b>203</b>
Auditor's remuneration – Fees payable to other firms in lead audit firm's network		
Audit services .....	36	35
Other assurance services .....	-	-
Tax advisory services.....	2	2
<b>Total auditor's remuneration</b> .....	<b>38</b>	<b>37</b>

Notes to the Consolidated Financial Statements (continued)

11. Income tax

Tax recognised in income statement:

	2023	2022
	€'000	€'000
<b>Current tax expense</b>		
Current year .....	1,995	4,409
Adjustment for prior years .....	-	172
Total current tax expense .....	1,995	4,581
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences .....	(561)	(551)
Total deferred tax expense .....	(561)	(551)
<b>Total income tax expense .....</b>	<b>1,434</b>	<b>4,030</b>

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:

	2023	2022
	€'000	€'000
Profit before tax from continuing operations .....	8,904	18,734
<i>Irish standard tax rate (12.5%)</i> .....	12.5%	12.5%
Taxes at the Irish standard rate .....	1,113	2,342
Foreign income at rates other than the Irish standard rate .....	(462)	662
Losses created/utilised .....	(61)	304
Other .....	844	722
<b>Total income tax expense .....</b>	<b>1,434</b>	<b>4,030</b>

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

	2023	2022
	€'000	€'000
<b>Deferred taxation assets:</b>		
Reserves, provisions and tax credits .....	2,012	1,044
Tax losses and unrealised FX gains .....	652	1,006
Total deferred taxation asset .....	2,664	2,050
<b>Deferred taxation liabilities:</b>		
Property, plant and equipment .....	(2,099)	(1,808)
Profit not yet taxable .....	-	(238)
Total deferred taxation liabilities .....	(2,099)	(2,046)
<b>Net deferred taxation asset/(liability) .....</b>	<b>565</b>	<b>4</b>

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

	Balance 1 January	Recognised in Profit or Loss	Balance 31 December
	€'000	€'000	€'000
<b>1 January 2022 – 31 December 2022</b>			
<b>Deferred taxation assets:</b>			
Reserves, provisions and tax credits .....	741	303	1,044
Tax losses .....	334	672	1,006
Total deferred taxation asset .....	1,075	975	2,050
<b>Deferred taxation liabilities:</b>			
Property, plant and equipment .....	(1,332)	(476)	(1,808)
Profit not yet taxable .....	(290)	52	(238)
Total deferred taxation liabilities .....	(1,622)	(424)	(2,046)
<b>Net deferred taxation liability .....</b>	<b>(547)</b>	<b>551</b>	<b>4</b>

Notes to the Consolidated Financial Statements (continued)

11. Income tax (continued)

1 January 2023 – 31 December 2023	Balance 1 January €'000	Recognised in Profit or Loss €'000	Balance 31 December €'000
<b>Deferred taxation assets:</b>			
Reserves, provisions and tax credits .....	1,044	968	2,012
Tax losses .....	1,006	(354)	652
<b>Total deferred taxation asset .....</b>	<b>2,050</b>	<b>614</b>	<b>2,664</b>
<b>Deferred taxation liabilities:</b>			
Property, plant and equipment .....	(1,808)	(291)	(2,099)
Profit not yet taxable .....	(238)	238	-
<b>Total deferred taxation liabilities .....</b>	<b>(2,046)</b>	<b>(53)</b>	<b>(2,099)</b>
<b>Net deferred taxation liability .....</b>	<b>4</b>	<b>561</b>	<b>565</b>

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

	2023 €'000	2022 €'000
Tax losses .....	3,789	3,850
<b>Total .....</b>	<b>3,789</b>	<b>3,850</b>

Notes to the Consolidated Financial Statements (continued)

12. Intangible assets and goodwill

	Product development €'000	Internally generated intangible asset €'000	Goodwill €'000	Acquired intellectual property €'000	Total €'000
<b>Balance at 1 January 2022</b> .....	<b>6,986</b>	-	<b>32,545</b>	<b>626</b>	<b>40,157</b>
Internally developed .....	285	-	-	-	285
Acquisitions (note 9) .....	-	-	161	-	161
Transfer to internally generated intangible asset	(7,271)	7,271	-	-	-
Acquired intellectual property .....	-	-	-	147	147
Amortisation of intellectual property .....	-	-	-	(190)	(190)
Amortisation of product development.....	-	(121)	-	-	(121)
Translation differences .....	-	-	(378)	48	(330)
<b>Balance at 31 December 2022</b> .....	-	<b>7,150</b>	<b>32,328</b>	<b>631</b>	<b>40,109</b>
Acquired intellectual property .....	-	-	-	1,517	1,517
Amortisation of intellectual property .....	-	-	-	(216)	(216)
Amortisation of product development.....	-	(485)	-	-	(485)
Translation differences .....	-	-	(278)	(22)	(300)
<b>Balance at 31 December 2023</b> .....	-	<b>6,665</b>	<b>32,050</b>	<b>1,910</b>	<b>40,625</b>

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 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 acquisition of Spartan Drilling Tools in January 2022

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

## Notes to the Consolidated Financial Statements (continued)

### 12. Intangible assets and goodwill (continued)

The recoverable amount of goodwill has been assessed based on estimates of fair value less costs of disposal (FVLCD). The FVLCD valuation is calculated on the basis of a discounted cash flow ("DCF") model. The most significant assumptions within the DCF are weighted average cost of capital ("WACC"), tax rates and terminal value assumptions. Goodwill impairment testing did not indicate any impairment during any of the periods being reported. Four sensitivities are applied as part of the analysis considering the effects of changes in:

- 1) the WACC,
- 2) the EBITDA margin,
- 3) the long term growth rate and
- 4) the level of terminal value capital expenditure.

The sensitivities calculate downside scenarios to assess potential indications of impairments due to changes in key assumptions. The results from the sensitivity analysis did not suggest that goodwill would be impaired when those sensitivities were applied.

The carrying amount of the CGU was determined to be lower than its fair value less costs of disposal by €5.3 million (2022: €52.4 million), giving management 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:

	2023	2022
WACC .....	11.35%	12.60%
EBITDA margin .....	16.18%	20.23%
Long term growth rate .....	2.29%	2.20%
Terminal value capital expenditure .....	€9.8 million	€10.6 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 10.15% to 12.55%. This results in a midpoint WACC being used of 11.35%.

The Long term growth rate of 2.30% 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 16.20% for 2026 is assumed in the Terminal Value calculation used to arrive at the FVLCD.

Terminal value capital expenditure assumes no balance sheet growth is assumed in the terminal value, capital expenditure is assumed to equal depreciation of €9.8 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.

	2023	2022
WACC .....	11.63%	14.80%
Long term growth rate .....	1.73%	1.35%

Investment expenditure of €NIL (2022: €285,000), which has been capitalised, is in relation to ongoing product development within the Group. Amortisation began in October 2022 once the project was commercialised. Amortisation is charged into the income statement over fifteen years on a straight line basis.

Notes to the Consolidated Financial Statements (continued)

13. Property, plant and equipment

	Land & Buildings €'000	Plant & Equipment €'000	ROU Assets €'000	Total €'000
<b>Cost:</b>				
At 1 January 2022 .....	18,047	58,775	9,445	86,267
Acquisitions through business combinations .....	9	471	455	935
Additions .....	1,146	6,164	2,880	10,190
Disposals and derecognition of ROU assets .....	(1,226)	(1,176)	(1,191)	(3,593)
Foreign exchange differences .....	181	274	(58)	397
At 31 December 2022 .....	18,157	64,508	11,531	94,196
Additions .....	3,824	6,378	1,013	11,215
Disposals and derecognition of ROU assets .....	-	(1,734)	(656)	(2,390)
Foreign exchange differences .....	(337)	(1,029)	(292)	(1,658)
<b>At 31 December 2023 .....</b>	<b>21,644</b>	<b>68,123</b>	<b>11,596</b>	<b>101,363</b>
<b>Accumulated depreciation:</b>				
At 1 January 2022 .....	(4,005)	(27,853)	(3,749)	(35,607)
Charged in year .....	(577)	(5,046)	(2,159)	(7,782)
Disposals .....	381	994	1,134	2,509
Foreign exchange differences .....	(41)	(282)	11	(312)
At 31 December 2022 .....	(4,242)	(32,187)	(4,763)	(41,192)
Charged in year .....	(648)	(5,144)	(2,205)	(7,997)
Disposals .....	(10)	1,372	567	1,929
Foreign exchange differences .....	50	501	109	660
<b>At 31 December 2023 .....</b>	<b>(4,850)</b>	<b>(35,458)</b>	<b>(6,292)</b>	<b>(46,600)</b>
<b>Carrying amount: 31 December 2023 .....</b>	<b>16,794</b>	<b>32,665</b>	<b>5,304</b>	<b>54,763</b>
Carrying amount: 31 December 2022 .....	13,915	32,321	6,768	53,004
Carrying amount: 1 January 2022 .....	14,042	30,922	5,696	50,660

ROU assets includes Property of €4.2 million (2022: €6 million) and Plant and Equipment of €1.1 million (2022: € 800,000).

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

	2023 €'000	2022 €'000
Cost of sales .....	4,994	4,768
Cost of sales ROU assets .....	393	426
Operating expenses .....	830	852
Operating expenses ROU asset .....	1,780	1,736
<b>Total depreciation charge for property, plant and equipment .....</b>	<b>7,997</b>	<b>7,782</b>

**Notes to the Consolidated Financial Statements (continued)**

**14. Inventory and capital equipment**

	2023 €'000	2022 €'000
Finished goods .....	45,953	47,983
Work-in-progress .....	9,060	12,943
Raw materials .....	14,717	15,985
<b>Total inventory .....</b>	<b>69,730</b>	<b>76,911</b>

The Group recorded an impairment of €87,000 against inventory to take account of net realisable value during the year ended 31 December 2023 (2022: 128,000). Write-downs are included in cost of sales.

**15. Trade and other receivables and other current assets**

a) Trade and other receivables

	2023 €'000	2022 €'000
Gross receivable .....	23,129	24,975
Provision for impairment .....	(1,513)	(1,103)
<b>Net trade and other receivables .....</b>	<b>21,616</b>	<b>23,872</b>

	Provision for impairment €'000
Balance at 1 January 2023 .....	(1,103)
Increase in provision arising from prior years receivables impairment .....	2
Increase in ECL model .....	(412)
<b>Balance at 31 December 2023 .....</b>	<b>(1,513)</b>

The following table provides the information about the exposure to credit risk and ECL's for trade receivables as at **31 December 2023**.

	Weighted average loss rate %	Gross carrying amount €'000	Loss allowance €'000
Current (not past due) .....	2%	15,924	280
1-30 days past due .....	9%	3,145	275
31-60 days past due .....	22%	1,538	345
61 to 90 days .....	15%	2,250	341
More than 90 days past due .....	100%	272	272
<b>Net trade and other receivables .....</b>		<b>23,129</b>	<b>1,513</b>

The following table provides the information about the exposure to credit risk and ECL's for trade receivables as at **31 December 2022**.

	Weighted average loss rate %	Gross carrying amount €'000	Loss allowance €'000
Current (not past due) .....	1%	17,929	179
1-30 days past due .....	5%	4,245	211
31-60 days past due .....	13%	1,459	189
61 to 90 days .....	21%	1,034	216
More than 90 days past due .....	100%	308	308
<b>Net trade and other receivables .....</b>		<b>24,975</b>	<b>1,103</b>

## Notes to the Consolidated Financial Statements (continued)

### 15. Trade and other receivables and other current assets (continued)

#### b) Prepayments and other current assets

	2023	2022
	€'000	€'000
Plant and machinery prepaid and under commission .....	6,607	9,852
Prepayments and other current assets .....	2,002	2,875
<b>Prepayments and other current assets .....</b>	<b>8,609</b>	<b>12,727</b>

### 16. Trade creditors, accruals and other liabilities

	2023	2022
	€'000	€'000
Trade creditors .....	10,505	14,420
<b>Total creditors and other payables .....</b>	<b>10,505</b>	<b>14,420</b>

	2023	2022
	€'000	€'000
VAT .....	664	104
Social security costs .....	1,810	1,929
Other accruals and liabilities .....	6,122	6,666
<b>Total accruals and other liabilities .....</b>	<b>8,596</b>	<b>8,699</b>

### 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).

	2023	2022
	€'000	€'000
Total liabilities .....	(65,245)	(71,131)
Less: cash and cash equivalents .....	20,482	15,939
<b>Net debt .....</b>	<b>(44,763)</b>	<b>(55,192)</b>
Total equity .....	<b>154,251</b>	<b>153,786</b>
<b>Net debt to equity ratio .....</b>	<b>0.29</b>	<b>0.36</b>

Notes to the Consolidated Financial Statements (continued)

18. Loans and borrowings

	Maturity	2023 €'000	2022 €'000
Bank loans.....	2024-2036	32,486	30,848
Lease Liabilities.....	2024-2032	7,626	11,096
<b>Total loans and borrowings.....</b>		<b>40,112</b>	<b>41,944</b>
Current.....		14,080	14,973
Non-current.....		26,032	26,971

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 €11.5 million (2022: €13.5 million) carry restrictive financial covenants including, EBITDA 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 5.12% (2022: 4.89%)

During 2023, the Group availed of the option to enter into overdraft facilities and to draw down loans of €7.2 million (2022: €11.5 million), €6.9 million (2022: €8.8 million) in loans and €300,000 (2022: €2.7 million) in overdraft 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 2022	Arising from acquisition	Cash movements	Non-cash movements	Foreign exchange differences	Balance at 31 December 2022
	€'000	€'000	€'000	€'000	€'000	€'000
Loans and borrowings.....	23,391	109	7,372	-	(24)	30,848
Lease liabilities.....	11,079	455	(3,993)	3,604	(49)	11,096
<b>Total.....</b>	<b>34,470</b>	<b>564</b>	<b>3,379</b>	<b>3,604</b>	<b>(73)</b>	<b>41,944</b>

	Balance at 1 January 2023	Arising from acquisition	Cash movements	Non-cash movements	Foreign exchange differences	Balance at 31 December 2023
	€'000	€'000	€'000	€'000	€'000	€'000
Loans and borrowings.....	30,848	-	1,873	-	(235)	32,486
Lease liabilities.....	11,096	-	(4,194)	1,018	(294)	7,626
<b>Total.....</b>	<b>41,944</b>	<b>-</b>	<b>(2,321)</b>	<b>1,018</b>	<b>(529)</b>	<b>40,112</b>

	Interest rate range	Effective interest rate
Bank loans.....	1% - 16%	5%
Lease Liabilities.....	3% - 10%	5.41%

## Notes to the Consolidated Financial Statements (continued)

### 19. Share capital and reserves

#### At 31 December 2023

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
	2023	2022
Opening Share Capital .....	212,472,413	212,472,413
Share Awards vested during year .....	-	-
<b>Authorised Share Capital .....</b>	<b>212,472,413</b>	<b>212,472,413</b>

#### 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 2023, Mincon Group plc paid a final dividend for 2022 of €0.0105 (1.05 cent) per ordinary share (€2.2 million).

In December 2023, 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 17 November 2023.

The Directors recommend the payment of a final dividend of €0.0105 (1.05 cent) per share for the year ended 31 December 2023 (31 December 2022: 1.05 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.

### 20. 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:

**Notes to the Consolidated Financial Statements (continued)**

**20. Earnings per share (continued)**

	2023	2022
<b>Numerator (amounts in €'000):</b>		
Profit attributable to owners of the Parent .....	7,470	14,704
<b>Denominator (Number):</b>		
Basic shares outstanding .....	212,472,413	212,472,413
Restricted share awards .....	830,000	2,030,000
Diluted weighted average shares outstanding .....	213,302,413	214,502,413
<b>Earnings per Ordinary Share</b>		
Basic earnings per share, € .....	3.52	6.92
Diluted earnings per share, € .....	3.50	6.85

**21. 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.

<b>Reconciliation of outstanding share options</b>	<b>Number of Options in thousands</b>
Outstanding on 1 January 2022 .....	5,820
*Forfeited during the year .....	(3,790)
Exercised during the year .....	-
Granted during the year .....	-
<b>Outstanding at 31 December 2022 .....</b>	<b>2,030</b>

\*Based on the conditions set out in the 2023 conditional awards agreement, all shares were forfeited as conditions were not met.

<b>Reconciliation of outstanding share options</b>	<b>Number of Options in thousands</b>
Outstanding on 1 January 2023 .....	2,030
*Forfeited during the year .....	(2,070)
Exercised during the year .....	-
Granted during the year .....	870
<b>Outstanding at 31 December 2023 .....</b>	<b>830</b>

\*Based on the conditions set out in the 2024 conditional awards agreement, all shares were forfeited as conditions were not met.

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

## 22. 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 2023 and 31 December 2022 were as follows:

	2023	2022
	€'000	€'000
Cash and cash equivalents .....	20,482	15,939
Loans and borrowings .....	40,112	41,944
Shareholders' equity .....	154,251	153,786

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, Canadian 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)

### 22. 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 2023 €'000	31 December 2022 €'000
Ireland .....	2,088	3,668
Americas .....	3,517	3,039
Australasia.....	657	347
Europe, Middle East, Africa.....	14,220	8,885
<b>Total cash, cash equivalents and short term deposits .....</b>	<b>20,482</b>	<b>15,939</b>

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
<b>At 31 December 2022:</b>						
Deferred consideration .....	1,705	1,725	1,054	671	-	-
Loans and borrowings .....	30,848	31,443	11,024	6,805	13,306	308
Lease liabilities .....	11,096	11,309	3,949	4,695	2,082	583
Trade and other payables .....	14,420	14,420	14,420	-	-	-
Accrued and other financial liabilities ..	8,699	8,699	8,699	-	-	-
<b>Total at 31 December 2022 .....</b>	<b>66,768</b>	<b>67,596</b>	<b>39,146</b>	<b>12,171</b>	<b>15,388</b>	<b>891</b>
<b>At 31 December 2023:</b>						
Deferred consideration .....	1,998	2,045	442	1,603	-	-
Loans and borrowings .....	32,486	33,124	11,212	6,738	14,520	654
Lease liabilities .....	7,626	7,769	2,869	3,061	963	876
Trade and other payables .....	10,505	10,505	10,505	-	-	-
Accrued and other financial liabilities ..	8,596	8,596	8,596	-	-	-
<b>Total at 31 December 2023 .....</b>	<b>61,211</b>	<b>62,039</b>	<b>33,624</b>	<b>11,402</b>	<b>15,483</b>	<b>1,530</b>

#### 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.

## Notes to the Consolidated Financial Statements (continued)

### 22. Financial risk management (continued)

#### b) Foreign currency risk (continued)

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into EURO at the closing rate:

	Short-term exposure			Long-term debt		
	USD €'000	SEK €'000	ZAR €'000	USD €'000	SEK €'000	ZAR €'000
<b>At 31 December 2023:</b>						
Financial assets .....	27,756	13,387	9,675	-	-	-
Financial liabilities .....	(3,666)	(2,235)	(1,386)	(3,010)	(892)	(764)
<b>Total Exposure .....</b>	<b>24,090</b>	<b>11,152</b>	<b>8,289</b>	<b>(3,010)</b>	<b>(892)</b>	<b>(764)</b>
<b>At 31 December 2022:</b>						
Financial assets .....	31,075	12,476	10,790	-	-	-
Financial liabilities .....	(4,483)	(2,613)	(1,608)	(3,284)	(1,136)	(1,372)
<b>Total Exposure .....</b>	<b>26,592</b>	<b>9,863</b>	<b>9,182</b>	<b>(3,284)</b>	<b>(1,136)</b>	<b>(1,372)</b>

The following table illustrates the sensitivity of profit and equity in relating to the Group's financial assets and financial liabilities and the USD/EUR exchange rate, SEK/EUR exchange rate and ZAR/EUR exchange rate 'all other things being equal'. It assumes a +/- 1% change of the EUR/USD exchange rate for the year ended at 31 December 2023 (2022: 4%). A +/- 2% change is considered for the EUR/SEK exchange rate (2022: 4%). It assumes a +/- 8% change of the EUR/ZAR exchange rate for the year ended at 31 December 2023 (2022: 4%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous twelve months.

	Profit for the year			Equity		
	USD €'000	SEK €'000	ZAR €'000	USD €'000	SEK €'000	ZAR €'000
31 December 2023 .....	(10)	34	54	194	499	722
31 December 2022 .....	(3)	35	14	218	244	98

	Profit for the year			Equity		
	USD €'000	SEK €'000	ZAR €'000	USD €'000	SEK €'000	ZAR €'000
31 December 2023 .....	10	(36)	(64)	(198)	(519)	(847)
31 December 2022 .....	12	(147)	(58)	(917)	(1,026)	(412)

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, as reported in the Group's results, when compared year on year. During 2023, the currencies that the Group trades with were volatile due to local economic performances and geopolitical issues. As a result, all major currencies that we trade in weekend against the euro in 2023.

## Notes to the Consolidated Financial Statements (continued)

### 22. Financial risk management (continued)

#### b) Foreign currency risk

In 2023, 56% (2022: 56%) of Mincon's revenue €158 million (2022: €170 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 €3.8 million was held in US dollar (USD 4.2 million), €3.5 million was held in Swedish krona (SEK 38.8 million), €1.1 million was held in South Africa rand (ZAR 21.5 million), and the euro equivalent of €973,000 on was held in Canadian dollar (CAD 1.4 million).

Euro exchange rates	2023		2022	
	Closing	Average	Closing	Average
US Dollar .....	1.10	1.08	1.07	1.05
Australian Dollar .....	1.62	1.63	1.57	1.52
South African Rand .....	20.18	19.94	18.18	17.19
Swedish Krona .....	11.13	11.47	11.15	10.63

#### 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.

#### Credit risk management

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions.

The Group continuously monitors the credit quality of customers. Where available, external credit ratings and/or reports on customers are obtained and used. The credit terms range between 30 and 90 days. The credit terms for customers as negotiated with customers are subject to an internal approval. The ongoing credit risk is managed through regular review of ageing analysis.

Trade receivables consist of a large number of customers in various industries and geographical areas.

#### Trade receivables and contract assets

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

## Notes to the Consolidated Financial Statements (continued)

### 22. Financial risk management (continued)

#### c) Credit risk (continued)

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

The closing balance of the trade receivables loss allowance as at 31 December 2023 reconciles with the trade receivables loss allowance opening balance as follows:

	Trade receivables €'000
Opening loss allowance as at 1 January 2022 .....	937
Loss allowance recognised during the year .....	166
<b>Loss allowance as at 31 December 2022 .....</b>	<b>1,103</b>
Loss allowance recognised during the year .....	410
<b>Loss allowance as at 31 December 2023 .....</b>	<b>1,513</b>

#### 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. (Note 15)

The maximum exposure to credit risk for trade and other receivables at 31 December 2023 and 31 December 2022 by geographic region was as follows:

	2023 €'000	2022 €'000
Americas .....	8,704	8,173
Australasia.....	1,900	3,300
Europe, Middle East, Africa .....	11,012	12,399
<b>Total amounts owed.....</b>	<b>21,616</b>	<b>23,872</b>

#### d) Interest rate risk

##### Interest Rate Risk on financial liabilities

Interest rates increased rapidly through 2023. As a result, the Group variable rate lending had a significant impact on our income statement during the year. This is very noteworthy when it is shown in contrast to our interest payments during 2022, as the 2023 level of Group lending was relatively flat and comparable to 2022.

##### Interest Rate Risk on cash and cash equivalents

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

## Notes to the Consolidated Financial Statements (continued)

### 22. 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.

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

Mincon Group plc only apply level 3 for fair value, using the detail displayed above.

#### Deferred consideration

The movements in respect of the deferred consideration value in the year to 31 December 2023 are as follows:

	Level 3 €'000
Balance at 1 January 2023 .....	1,705
Arising on acquisition .....	1,359
Cash payment .....	(1,054)
Foreign currency translation adjustment .....	(15)
Unwinding of discount on deferred consideration .....	3
<b>Balance at 31 December 2023.....</b>	<b>1,998</b>

Deferred consideration includes multiple deferred payments for prior acquisitions over a fixed period of time. These carry no significant observational inputs.

**Notes to the Consolidated Financial Statements (continued)**

**23. Subsidiary undertakings**

At 31 December 2023, the Group had the following subsidiary undertakings:

<b>Company</b>	<b>Group Share %*</b>	<b>Registered Office &amp; Country of Incorporation</b>
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 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 Canari
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

**Notes to the Consolidated Financial Statements (continued)**

**23. Subsidiary undertakings (continued)**

<b>Company</b>	<b>Group Share %*</b>	<b>Registered Office &amp; Country of Incorporation</b>
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 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
MGP Investments Limited Holding Company	100%	Smithstown, Shannon, Co. Clare, Ireland
Lotusglade Limited Holding company	100%	Smithstown, Shannon, Co. Clare, Ireland
Floralglade Company Holding company	100%	Smithstown, Shannon, Co. Clare, Ireland
Spartan Drilling Tools Manufacturing facility	100%	1882 US HWY 6 & 50 Fruita, CO 81507, USA

**Notes to the Consolidated Financial Statements** (continued)

**23. Subsidiary undertakings** (continued)

<b>Company</b>	<b>Group Share %*</b>	<b>Registered Office &amp; Country of Incorporation</b>
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%	Svetsarevägen 4, 686 33, Sunne, Sweden
Driconeq Production AB Manufacturing facility	100%	Svetsarevägen 4, 686 33, Sunne, Sweden
Driconeq Fastighet AB Property holding company	100%	Svetsarevägen 4, 686 33, Sunne, Sweden
Driconeq Do Brasil Sales company	100%	Rua Dr. Ramiro De Araujo Filho, 348, Jundai, SP, Brasil
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

\*All shares held are ordinary shares.

Notes to the Consolidated Financial Statements (continued)

24. Leases

A. Leases as Lessees (IFRS 16)

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

Mincon Group PLC has elected to apply the practical expedient allowed under IFRS 16 for short-term leases by class of underlying asset to which the right of use relates. A class of underlying asset is a grouping of underlying assets of a similar nature and use in an entity's operations. The class of underlying assets this applies to short term leases of office equipment.

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

i) Right-of-use assets

	31 December 2022
	€'000
Balance at 1 January 2022 .....	5,696
Depreciation charge for the year .....	(2,159)
Additions to right of use assets .....	3,334
Disposal of right of use asset .....	(57)
Foreign exchange difference .....	(46)
<b>Balance at 31 December 2022 .....</b>	<b>6,768</b>

	31 December 2023
	€'000
Balance at 1 January 2023 .....	6,768
Depreciation charge for the year .....	(2,205)
Additions to right of use assets .....	1,013
Disposal of right of use asset .....	(89)
Foreign exchange difference .....	(183)
<b>Balance at 31 December 2023 .....</b>	<b>5,304</b>

ii) Amounts recognised in income statement.

	2023	2022
	€'000	€'000
Interest on lease liabilities .....	698	354
Expenses related to short term leases .....	5	245
Expenses related to leases of low value assets .....	-	10
<b>Leases under IFRS 16 .....</b>	<b>703</b>	<b>609</b>

iii) Amounts recognised in statement of cash flows

	2023	2022
	€'000	€'000
Total cash outflow for leases .....	4,194	3,994
<b>Total cash outflow of leases .....</b>	<b>4,194</b>	<b>3,994</b>

## Notes to the Consolidated Financial Statements (continued)

### 24. Leases (continued)

#### 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.

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

	31 December 2023 €'000
Less than one year .....	2,068
One to two years	2,042
Two to five years	788
More than 5 years	850
<b>Total</b> .....	<b>5,748</b>

	31 December 2022 €'000
Less than one year .....	2,129
One to two years	3,068
Two to five years	1,525
More than 5 years	568
<b>Total</b> .....	<b>7,290</b>

### 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 €132,000 (2022: €193,000).

The Group manages the risk to retain the right to the assets as they have a right to inspect the property, the right to enforce the contractual arrangement with the lessee and the right to perform maintenance.

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 2023 €'000	31 December 2022 €'000
Less than one year .....	11	147
One to two years .....	-	-
<b>Balance at 31 December</b> .....	<b>11</b>	<b>147</b>
Unearned finance income .....	-	(10)
<b>Total undiscounted lease receivable</b>	<b>11</b>	<b>137</b>

#### 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 2023 was €120,000 (2022: €180,000).

## Notes to the Consolidated Financial Statements (continued)

### 24. Leases (continued)

#### B. Leases as Lessor (IFRS 16)

##### i) Operating leases (continued)

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 2023 €'000
Less than one year .....	73
One to two years .....	30
Two to three years .....	32
<b>Total</b> .....	<b>135</b>

	31 December 2022 €'000
Less than one year .....	22
<b>Total</b> .....	<b>22</b>

### 25. Commitments

The following capital commitments for the purchase of property, plant and equipment had been authorised by the directors at 31 December 2023:

	31 December 2023 €'000	31 December 2022 €'000
Contracted for .....	1,585	3,360
Not-contracted for .....	-	229
<b>Total</b> .....	<b>1,585</b>	<b>3,589</b>

### 26. Litigation

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

### 27. Related parties

As at 31 December 2023, 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 2023, the Group paid a final dividend for 2022 of €0.0105 to all shareholders. The total dividend paid to Kingbell Company was €1,256,477.

In December 2023, the Group paid an interim dividend for 2023 of €0.0105 to all shareholders. The total dividend paid to Kingbell Company was €1,256,477 (September 2022: €1,256,477).

The Group has a related party relationship with its subsidiary undertakings (see note 23) for a list of these undertakings), directors and officers. All transactions with subsidiaries eliminate on consolidation and are not disclosed.

## Notes to the Consolidated Financial Statements (continued)

### 27. Related parties (continued)

#### Transactions with Directors

The Group is owed €Nil from directors and shareholders at 31 December 2023 and 2022. The Group has amounts owing to directors of €Nil as at 31 December 2023 and 2022.

#### Key management compensation

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

	2023	2022
	€'000	€'000
Short term employee benefits .....	1,616	1,561
Bonus and other emoluments .....	24	348
Post-employment contributions .....	156	149
Social security costs .....	117	110
Share based payment charged in the year	(160)	(153)
<b>Total</b> .....	<b>1,753</b>	<b>2,015</b>

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 (twelve in total at year end). Amounts included above are time weighted for the period of the individuals employment.

### 28. 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 2023 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 2024. Subject to Shareholder approval at the Company's annual general meeting, the final dividend will be paid on 14 June 2024 to Shareholders on the register at the close of business on 24 May 2024.

### 29. Approval of financial statements

The Board of Directors approved the consolidated financial statements on 11 March 2024.

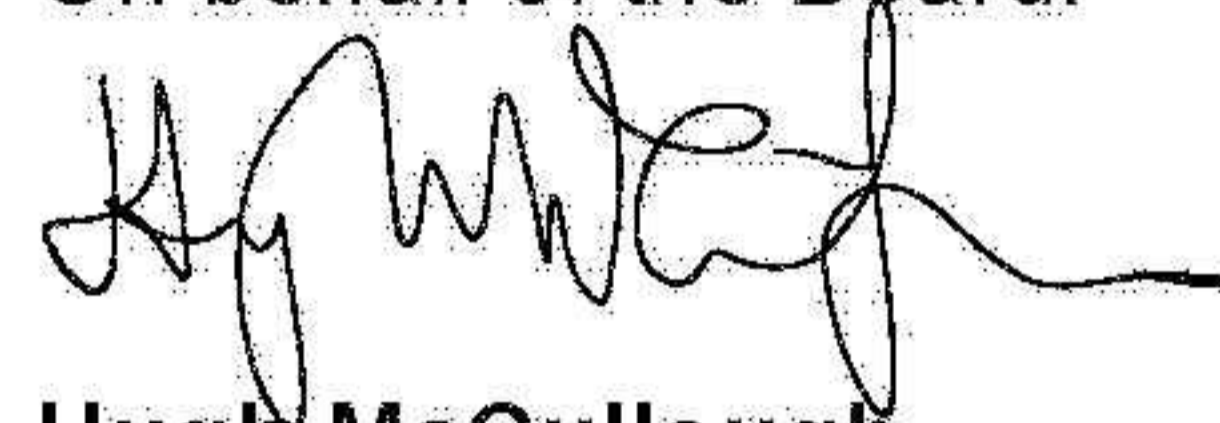
## Company Statement of Financial Position

As at 31 December 2023

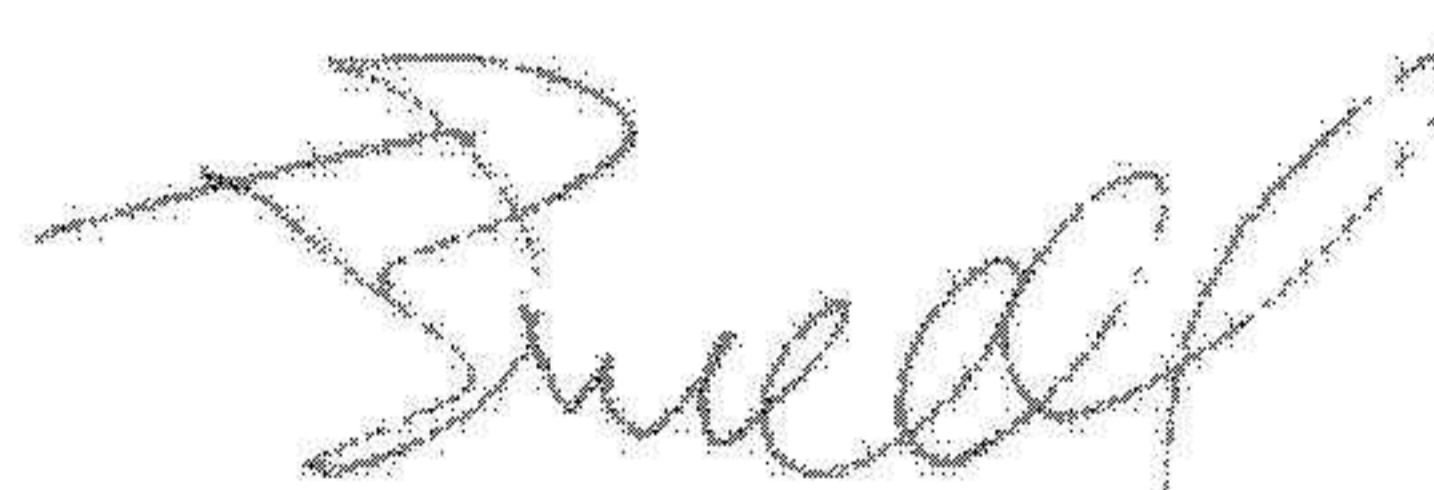
	Notes	2023 €'000	2022 €'000
<b>Non-Current Assets</b>			
Investments in subsidiary undertakings .....	3	66,669	69,759
Deferred tax liability .....		56	56
<b>Total Non-Current Assets .....</b>		<b>66,725</b>	<b>69,815</b>
<b>Current Assets</b>			
Loan amounts owing from subsidiary companies .....		23,446	17,815
Other assets .....		19	21
Cash and cash equivalents .....	4	1,817	3,531
<b>Total Current Assets .....</b>		<b>25,282</b>	<b>21,367</b>
<b>Total Assets .....</b>		<b>92,007</b>	<b>91,182</b>
<b>Equity</b>			
Ordinary share capital .....	2	2,125	2,125
Share premium .....		67,647	67,647
Undenominated capital .....		39	39
Share based payment reserve .....		2,241	2,505
Retained earnings .....		5,059	4,753
<b>Total Equity .....</b>		<b>77,111</b>	<b>77,069</b>
<b>Non-Current Liabilities</b>			
Loans and borrowings .....	5	12,500	11,500
<b>Total Non-Current Liabilities .....</b>		<b>12,500</b>	<b>11,500</b>
<b>Current Liabilities</b>			
Loans and borrowings .....	5	2,000	2,000
Accrued and other liabilities .....		238	455
Amounts owed to subsidiary companies .....		158	158
<b>Total Current Liabilities .....</b>		<b>2,396</b>	<b>2,613</b>
<b>Total Liabilities .....</b>		<b>14,896</b>	<b>14,113</b>
<b>Total Equity and Liabilities .....</b>		<b>92,007</b>	<b>91,182</b>

The accompanying notes on page 97 to 99 are an integral part of these financial statements.

On behalf of the Board:



**Hugh McCullough**  
Chairman



**Joseph Purcell**  
Chief Executive Officer

11 March 2024

## Company Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital €'000	Share premium €'000	Undenominated Capital €'000	Share based payment reserve €'000	Retained earnings €'000	Total equity €'000
<b>Balance at 01 January 2022</b> .....	2,125	67,647	39	2,695	10,415	82,921
<b>Comprehensive (loss):</b>						
Loss for the year .....	-	-	-	-	(1,200)	(1,200)
<b>Total comprehensive (loss)</b> .....					(1,200)	(1,200)
<b>Transactions with Shareholders:</b>						
Equity settled share based payments .....	-	-	-	-	-	-
Share based payments .....	-	-	-	(190)	-	(190)
Dividends.....	-	-	-	-	(4,462)	(4,462)
<b>Total transactions with Shareholders</b> .....	-	-	-	(190)	(4,462)	(4,652)
<b>Balances at 31 December 2022</b> .....	2,125	67,647	39	2,505	4,753	77,069
<b>Comprehensive income:</b>						
Profit for the year.....	-	-	-	-	4,767	4,767
<b>Total comprehensive income</b> .....					4,767	4,767
<b>Transactions with Shareholders:</b>						
Equity settled share based payments .....	-	-	-	-	-	-
Share based payments .....	-	-	-	(264)	-	(264)
Dividends.....	-	-	-	-	(4,461)	(4,461)
<b>Total transactions with Shareholders</b> .....	-	-	-	(264)	(4,461)	(4,725)
<b>Balances at 31 December 2023</b> .....	2,125	67,647	39	2,241	5,059	77,111

The accompanying notes on page 97 to 99 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 profit for the year of €4.8 million (2022: loss €1.2 million), which included dividends receivable of €10 million (2022: €6 million) from subsidiary companies.

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

#### New Standards adopted as at 1 January 2023

- IFRS 17 Insurance Contracts
- IAS 8 Definition of Accounting Estimates
- IAS 1 Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- IAS 12 International Tax Reform – Pillar Two Model Rules

#### Standards, amendments and Interpretations to existing Standards that are not yet effective

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements)
- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

## Notes to the Company Financial Statements (continued)

### 1. Basis of preparation and summary of significant accounting policies (continued)

#### *Investments in subsidiaries*

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.

At each reporting investments in subsidiaries undertakings are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### **Going concern**

The Company is in a net asset position of €77.1 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.

#### **2. Share capital**

See note 19 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 2023, Mincon Group plc subscribed for equity in the following subsidiaries as follows:

	Investments in subsidiary €'000
Balance at 1 January 2023 .....	<b>69,759</b>
Investment in EURL Roc Drill.....	110
Investment in Mincon Canada.....	(2,700)
Investment in Mincon Chile .....	(500)
<b>Balance at 31 December 2023</b> .....	<b>66,669</b>

Mincon Group PLC (entity only) own all entities (either directly or indirectly) in note 23. 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 €3.2 million during the year ended 31 December 2023 (2022: €5.4 million).

## Notes to the Company Financial Statements (continued)

### 4. Short term deposits

At 31 December 2023, the Company had €1.8 million cash readily available (2022: €3.5 million).

### 5. Loans and borrowings

During 2023, the Company drew down loans of €3 million (2022: €4.5 million).

Repayments are made quarterly, with a €5 million bullet repayment due in 2026. The effective rate for the loans and borrowings is 6.7%.

	<b>Bank Loans</b>
	<b>€'000</b>
Balance at 1 January 2023 .....	13,500
Bank loan drawdowns .....	3,000
Repayment of bank loan .....	(2,000)
<b>Total loans and borrowings 31 December 2023.....</b>	<b>14,500</b>
Current.....	2,000
Non-current.....	12,500

### 6. Share based payments

The Company operates one share option scheme, further details are given in the Group financial statements in note 21.

### 7. Approval of financial statements

The Board of Directors approved the financial statements on 11 March 2024.