Mincon Group plc
("Mincon" or the "Group")

2020 Full Year Financial Results

Mincon Group plc (Euronext: MIO AIM:MCON), the Irish engineering group specialising in the design, manufacture, sale and servicing of rock drilling tools and associated products, announces its results for the year ended 31 December 2020.

	2020	2019[1]	Percentage change in period
Product revenue:	**€'000**	**€'000**	
Sale of Mincon product	*108,556*	*100,731*	*+7.8%*
Sale of third-party product	*21,347*	*19,940*	*+7.1%*
Total revenue	129,903	120,671	+7.7%
Gross profit	45,717	40,513	+12.8%
Operating profit	18,249	11,810	+54.5%
Profit for the period	14,386	9,549	+50.7%

[1] Before exceptional items

Joe Purcell, Chief Executive Officer, commenting on the results, said:

2020: LOCAL CHALLENGES, GLOBAL RESILIENCE

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

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

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

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

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

When local governments imposed restrictions to contain the Covid-19 pandemic, our businesses in those markets reacted with the health and safety of the workforce as the primary concern. Where necessary, operations were temporarily suspended until health authorities felt it was safe for work to continue. Due to our global footprint and our cohesive regional management structure, Mincon was able to shift manufacturing to our other factories where restrictions were less severe, as required – a successful example of the Group operating together to benefit the overall business.

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

During 2020 our revenue grew by 8% compared with our 2019 continuing operations. This was due, in part, to the expansion of the Group's core operations, with organic growth of 3%, or 6% on a constant currency basis. Our acquisitions of Lehti and RocDrill contributed to 5% of the Group's revenue growth for year. We continued our expansion into the construction industry with significant year-on-year revenue growth of 33% in the industry, which accounted for 30% of the Group's revenue in 2020 (2019: 25%). Mining also experienced growth of 2%, however Covid-19 restrictions prevented us from fully pursuing new opportunities in this industry.

Our operating margin increased to 14.0% of revenue in 2020 (2019: 9.8%), as we experienced stronger gross margins from large construction projects in the Americas. We implemented a Group-wide international travel ban early in 2020 that contributed to a significant savings on travel for the year. We also availed of employee related government grants in Australia, Sweden and the UK, totalling €1.3 million in the year. These grants compensated for the Group being affected by the impact of the pandemic in those countries.

Efficiency in innovation

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

Although the past year had its challenges for our engineering teams, due to limited testing opportunities, we were able to use this to our advantage. We are now even more ambitious when it comes to helping our customers improve safety and reduce the effect of their operations on the environment, which includes using less energy. Our engineers are focused on developing the next generation of drilling tools aimed at energy-efficient drilling, with a reduced impact on the environment and, in some cases, a transformational effect on Mincon and our customers.

Our primary engineering objectives continue to be driven by our Technology Steering Group, comprising senior engineers who each have many decades of experience in the rock-drilling industry. The experience in the Group is broad and includes expertise in mechanical design and simulation; metallurgy and heat-treatment, market and application knowledge; and hands-on drilling.

Product development

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

1. Product maintenance

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

2. New product design and development

New designs and iterations of existing technologies. Over the coming years, this development will include work on:

- New DTH hammer and bit developments with a focus on speed and efficiency;
- Continuous improvement for our range of open, and sealed-bearing, rotary drill bits, to deliver market-leading performance in terms of life and penetration rates;
- Optimising drill-rod performance and durability;
- Further development to the performance and range of cushion subs; and,
- Carbide grade developments.

3. New technology development

Spearheaded by Mincon's Technology Steering Group, which is exploring several new technologies and concepts for development, including:

- Greenhammer (working name) – Mincon's flagship technology for single-pass, hard-rock blasthole drilling, using a high-performance DTH hydraulic percussion system;
- Drilled foundation product developments particularly for sensitive ground conditions;
- Plans for advancing hammer technology to encompass larger hole size capabilities than ever, while maintaining the focus on efficiency and productivity; and,
- All-new drilling technologies and approaches for new industries

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

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

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

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

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

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

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

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

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

Post the financial year end, in January 2021 the Group completed the acquisition of Hammer Drilling Rigs (HDR), a specialist in supply of hard rock drilling attachments based in the USA. HDR specialises in drill mast attachments to heavy equipment that is used in a variety of applications, including the installation of anchor points for solar field projects. This was a strategic acquisition to support Mincon's offering of a complete solution to customers within this sector of the renewable energy industry.

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

Dividend
In response to the initial emergence of the Covid-19 pandemic last year, the Board decided to adopt a prudent approach by suspending the interim dividend for 2020. However, following a review of the Group's performance in the interim period and an assessment of its ongoing capital requirements, the Board stated its intention in the interim trading announcement released on 9 November 2020 to increase the final dividend declared in respect of the financial year 2020 so that the final dividend will be in line with the total dividend paid for 2019. The Board is therefore recommending the payment of a full year dividend of 2.10 cent per ordinary share. Subject to Shareholder approval at the annual general meeting, the final dividend will be paid on 18 June 2021 to Shareholders on the register at the close of business on 28 May 2021.

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

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

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

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

Consolidated Income Statement for the year ended 31 December 2020

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

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

Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

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

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

Consolidated Statement of Financial Position as at 31 December 2020

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

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

On behalf of the Board:

Hugh McCullough
Chairman

Joseph Purcell
Chief Executive Officer

Consolidated Statement of Cash Flows for the year ended 31 December 2020

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

The accompanying notes are an integral part of these financial statemen

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

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

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

1. Description of business

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

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

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

2. Basis of preparation

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

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

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

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

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

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

3. Significant accounting principles, accounting estimates and judgements

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

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

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

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

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

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

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

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

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

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

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

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

Taxation
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

Taxation *(continued)*
Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

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

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

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

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

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

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

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

Leases *(continued)*
(ii) As a lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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

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

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

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

Intangible Assets and Goodwill

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

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

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

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Foreign Currency

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

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

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

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

Foreign Currency *(continued)*

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

Business combinations and consolidation
The consolidated financial statements include the financial statements of the Group and all companies in which Mincon Group plc, directly or indirectly, has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

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

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

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

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

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

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

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

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

Property, plant and equipment *(continued)*

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

	Years
Buildings	20–30
Plant and equipment	3–10

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

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

Financial Assets and Liabilities

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

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

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

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

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

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

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

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

Financial Assets and Liabilities (*continued)*

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

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

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

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

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

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

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

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

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

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

Critical accounting estimates and judgements

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

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

Deferred contingent consideration

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

Goodwill

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

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

Trade and other receivables

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

4. Revenue

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

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

5. Operating Segment

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

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

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

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

Entity-wide disclosures

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

Revenue by region (by location of customers):

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

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

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

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

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

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

6. Cost of Sales and operating expenses

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

Cost of sales

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

Operating costs

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

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

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

7. Employee information

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

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

The average number of employees was as follows:

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

Retirement benefit and Other Employee Benefit Plans

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

8. Exceptional Items

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

8. Exceptional Items *(continued)*

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

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

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

9. Acquisitions & Disposals

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

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

A. Consideration transferred

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

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

B. Identifiable assets acquired and liabilities assumed

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

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

9. Acquisitions & Disposals *(continued)*

Measurement of fair values

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

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

Goodwill

Goodwill arising from the acquisition has been recognised as follows.

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

Profit on Disposal

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

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

		Total
Profit on disposal of Hardtekno	-	7,551
Profit on disposal of Cebeko	-	106
Profit on disposal of Premier Drilling Solutions	-	98
Cost on disposal	-	(266)
Profit on Disposal	-	7,489

10. Statutory and other required disclosures

Operating profit is stated after charging the following amounts:

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

Auditor's remuneration

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

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

11. Income tax

Tax recognised in income statement:

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

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

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

11. Income tax *(continued)*

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

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

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

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

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

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

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

12. Intangible assets and goodwill

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

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

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

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

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

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

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

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

12. Intangible assets and goodwill*(continued)*

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

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

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

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

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

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

Change in estimates

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

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13. Property, plant and equipment

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

Right of use assets

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

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

14. Inventory and capital equipment

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

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

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

15. Trade and other receivables and other current assets

a) Trade and other receivables

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

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

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

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

b) Prepayments and other current assets

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

16. Trade creditors, accruals and other liabilities

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

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

17. Capital management

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

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

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

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

18. Loans and borrowings

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

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

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

18. Loans and borrowings *(continued)*

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

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

19. Non-controlling interest

(a) Non-controlling interest

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

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

(b) Acquisition of non-controlling interest

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

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

20. Share capital and reserves

At 31 December 2020

Authorised Share Capital	Number	€000
Ordinary Shares of €0.01 each	500,000,000	5,000

Allotted, called-up and fully paid up shares	Number	€000
Ordinary Shares of €0.01 each	211,675,024	2,117

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

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

Dividends
In September 2020, Mincon Group plc paid a final dividend for 2019 of €0.0105 (1.05 cent) per ordinary share. In September 2019, Mincon Group plc paid an interim dividend for 2019 of €0.0105 (1.05 cent) per ordinary share. In June 2019, Mincon Group plc paid a final dividend for 2018 of €0.0105 (1.05 cent) per ordinary share.
The Board of Mincon Group plc is recommending the payment of a full year dividend for the year ended 31 December 2020 in the amount of €0.021 (2.10 cent) per ordinary share, which will be subject to approval at the Annual General Meeting of the Company in May 2021. This dividend, is in respect to an interim dividend of 1.05 cent and final dividend of 1.05 cent. Subject to Shareholder approval at the Company's annual general meeting on 28 May 2021.

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

21. Earnings per share

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

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

22. Share based payment

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

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

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

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

23. Financial risk management

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

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

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

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

a) Liquidity and capital

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

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

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

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

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

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

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

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

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

23. Financial risk management *(continued)*

a) Liquidity and capital *(continued)*

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

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

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

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

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

b) Foreign currency risk

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

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

23. Financial risk management *(continued)*

b) Foreign currency risk *(continued)*

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

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

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

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

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

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

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

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

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

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

23. Financial risk management *(continued)*

c) Credit risk

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

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

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

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

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

d) Interest rate risk

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

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

e) Fair values

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

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

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

23. Financial risk management *(continued)*

e) Fair values *(continued)*

Movements in the year in respect of Level 3 financial instruments carried at fair value
The movements in respect of the financial assets and liabilities carried at fair value in the year to 31 December 2020 are as follows:

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

24. Subsidiary undertakings

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

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

24. Subsidiary undertakings *(continued)*

Company	Group Share %	Registered Office & Country of Incorporation
Mincon Rockdrills Ghana Limited Dormant company	100%	P.O. Box CT5105, Accra, Ghana
Mincon S.A.C. Sales company	100%	Calle La Arboleda 151, Dpto 201, La Planicie, La Molina, Peru
Ozmine International Pty Limited Sales company	100%	Gidgegannup, WA 6083, Australia
Mincon Chile Sales company	100%	Av. La Dehesa #1201, Torre Norte, Lo Barnechea, Santiago, Chile
Mincon Tanzania Dormant company	100%	Plot 1/3 Nyakato Road, Mwanza, Tanzania
Mincon Namibia Pty Ltd Sales company	100%	Ausspannplatz, Windhoek, Namibia
Mincon Russia Dormant Company	100%	4,4 Lesnoy In,125047 Moscow, Russia
Mincon Mining Equipment Inc Sales company	100%*	19789-92a Avenue, Langley, British Columbia V1M3B3, Canada
Pirkanmaan Poraveikot OY PPV Engineering company	100%*	Hulikanmutka 6, 37570 Lempäälä, Finland
Mincon Exports USA Inc. Group finance company	100%	603 Centre Ave, Roanoke VA 24016, USA
Mincon International Shannon Dormant company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Smithstown Holdings Holding company	100%	Smithstown, Shannon, Co. Clare, Ireland
Mincon Canada Drilling Products Inc. Holding company	100%	Suite 1800-355 Burrard Street, Vancouver, BC V6C 268, Canada
Lotusglade Limited Holding company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Floralglade Company Holding company	100%	Smithstown, Shannon, Co. Clare, Ireland

24. Subsidiary undertakings *(continued)*

Company	Group Share %	Registered Office & Country of Incorporation
Castle Heat Treatment Limited Holding company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Mincon Microcare Limited Holding company	100%*	Smithstown, Shannon, Co. Clare, Ireland
Cebeko Elast AB Holding company	100%*	Svarvarevagen 1, SE-686 33 Sunne, Sweden
Driconeq AB Holding company	100%	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	100%	Rue Charles Rolland, 29650 Guerlesquin, France

25. Leases

A. Leases as Lessees (IFRS 16)

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

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

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

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

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

i) Right-of-use assets

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

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

*Derecognition of the right of use asset during 2020 is as a result of entering into a finance sub-lease.
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ii) Amounts recognised in income statement.

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

iii) Amounts recognised in statement of cash flows

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

25. 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.

B. Leases as Lessor (IFRS 16)

i) Financing Lease

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

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

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

ii) Operating leases

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

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

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

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

26. Commitments

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

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

27. Litigation

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

28. Related parties

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

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

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

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

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

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

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

29. Events after the reporting date

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

Acquisition of the Hammer Drilling Rigs

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

30. Approval of financial statements

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