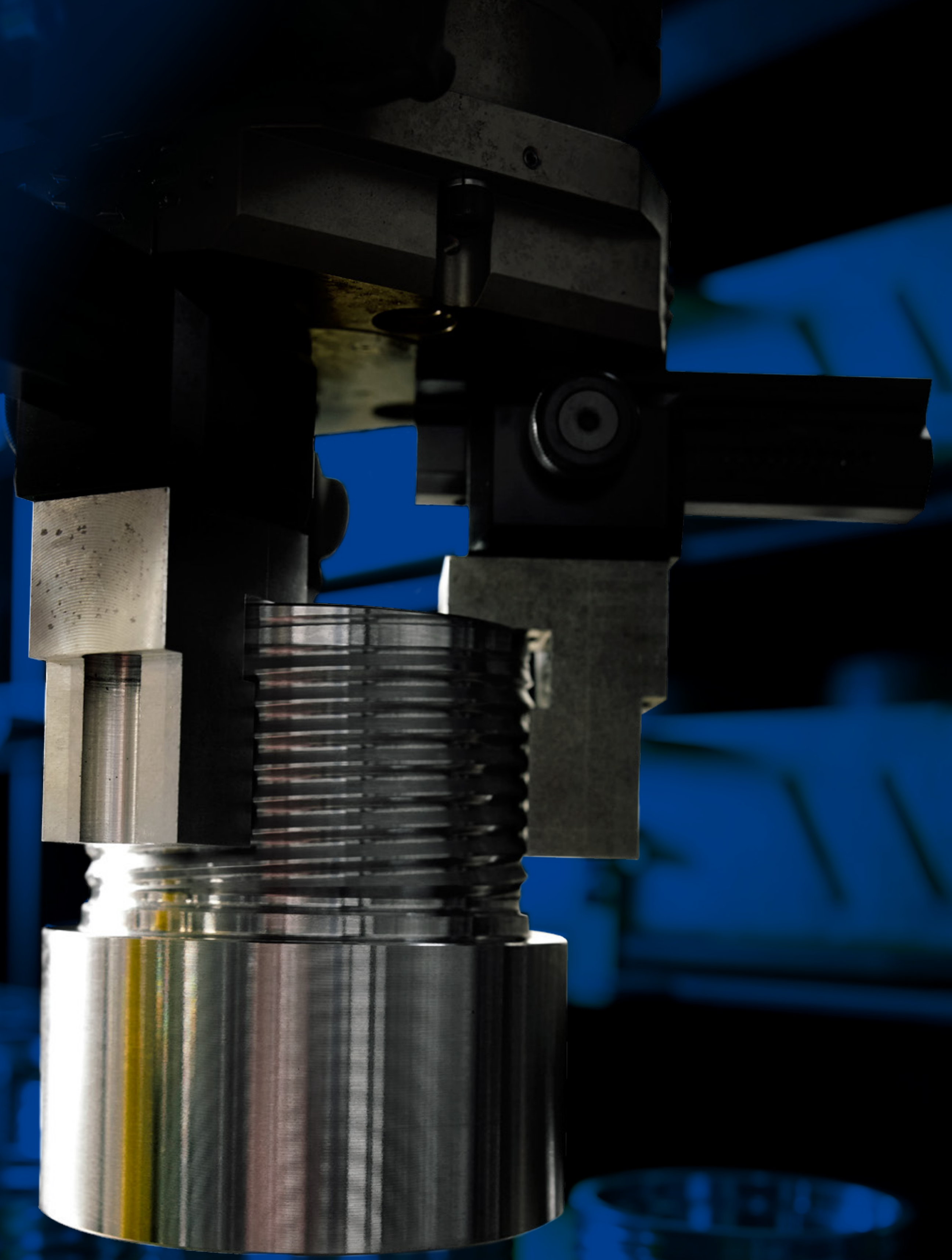
Mincon™

HALF YEAR FINANCIAL RESULTS 2024



THE DRILLER'S CHOICE
FOR PRODUCTIVITY
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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 half year results for the six months ended 30 June 2024.

JOE PURCELL, CHIEF EXECUTIVE OFFICER, COMMENTING ON THE RESULTS, SAID:

H1 2024 KEY FINANCIAL HIGHLIGHTS:

	H1 2024	H1 2023
Revenue	€68.0 million	€80.6 million
Gross Profit	€17.4 million	€25.6 million
EBITDA	€4.7 million	€11.8 million
Operating Profit	€0.2 million	€7.8 million

“The first half of 2024 remained challenging in terms of revenue generation and this has had a knock-on effect to our margins and ROCE. The challenging market environment that we noted in our Q1 trading update continued; however, we were encouraged to see a recovery in our order books towards the end of Q2, which has continued post the period end. We expect a recovery in revenue as the increased order book begins to be delivered to customers.

We are continuing our sharp focus, started in 2023, on driving operational efficiencies throughout the business and optimising our balance sheet management. This has been supported by a root and branch review of our global operations. This review has led to cost-cutting initiatives, which includes the decision to close our carbide business in Sheffield later this year. Other initiatives to drive operational efficiencies include the introduction of robotics in Shannon, improved procurement to reduce manufacturing input costs, restructuring in South Africa and refining our innovation management process. We expect that the decisions we are taking as a result of this review will have a positive effect on margins in H2 and beyond.

GEOGRAPHIC MARKETS

Our business in the Americas is down on the same period last year. This is driven by a number of factors including exiting a low margin mining supply contract in Chile as well as reductions in construction related activities in North America. The wind-up of the supply contract in Chile will be a positive for our balance sheet and margins. Construction activity was suppressed in the first six months, but we still have a large project pipeline and have recently seen a pickup in project wins and subsequent order activity.

Our Europe & Middle East region is also down on the same period last year. As our primary manufacturing region for the Group, cost inflation has been a challenge to deal with in recent periods, but our ongoing work to mitigate this, as part of our review, should start to come through in H2. Coupled with stronger order books, mainly for mining and construction customers globally, we anticipate a recovery in Europe & Middle East region revenue and margins in H2.

JOE PURCELL, CHIEF EXECUTIVE OFFICER, COMMENTING ON THE RESULTS, SAID: CONTINUED

Our Africa region is marginally down on the same period last year. However, we expect to see our efforts to develop a better market share with improved revenue and, importantly margins, starting to take effect in H2 and beyond. We remain committed to this important region due to its proven mineral reserve levels and the role this will play in the global challenges ahead.

We are pleased to note the recovery in our revenues in the Australia Pacific region, another important mining area, where proven mineral reserves will underpin continued production and expected demand for Mincon products in the long term. Mincon's superior product offering to lower total drilling cost in production mining is starting to bear fruit in the region and has supported the recent revenue recovery. This early increase in H1 is anticipated to be further strengthened in H2 by Mincon's first large construction project win for a harbour project in Australia. We won this project on the back of our proven success in other projects in Europe and North America. It is notable that this win is from a pipeline of projects in Australia that are being actively pursued and is just reward for the team effort in the region.

BUSINESS DEVELOPMENT

Given the global interest rate environment that we are operating in, investments are being delayed in areas such as new or expanded mining capacity, infrastructure and renewable energy projects. As part of widespread global ambitions and protocols to reduce emissions, the industry needs to increase the efficiency of mining methods associated with any increased mining output of critical metals such as copper and battery metals. Efficiency and emissions reduction is also the key in delivering ambitious infrastructure and renewable energy projects.

Mincon has developed a skillset in percussion drilling, which has a critical part to play in the solution to meet the emissions reduction targets for the markets which we are supplying. We believe that Mincon's focus on engineering, manufacturing and service is a compelling offering that will position the Group well to provide solutions to our clients to increase output with reduced consumption of energy. The product packages we produce today are market leading and we continue to innovate and constantly improve these by developing new technologies and applications that will ensure our future as well as making a meaningful contribution to global emissions reduction.

Our Greenhammer collaboration is progressing well on the copper mine in Arizona. Our rig manufacturer partner is also positive about the results, and we are in active dialogue around its commercial development.

Our subsea project collaboration is also progressing well, and the plan is to complete an offshore installation at a consented site before the end of this year. Leading players in the offshore wind industry have been closely monitoring this project and have attended a number of our testing sites which underpins our belief in the commercial opportunity for this project. I look forward to the transformational benefit that this will deliver for Mincon and the offshore renewables industry.

CONCLUSION

The first six months of 2024 have been a challenging period for Mincon. However, with the recent improvements in our order books and encouraging contract wins, we see opportunities emerging to recover the lost ground from H1 2024. Whilst the scheduling of the commencement of large construction projects will have a bearing on the timing and pace of the Group's recovery, looking further ahead, the Board retains its confidence in a return to growth in revenues and margins in H2 2024 versus H1.

With that in mind, I want to acknowledge our team's efforts through the difficult period we have endured and look forward to better days ahead."

Joseph Purcell
Chief Executive Officer

KEY FINANCIAL COMMENTARY

MARKET INDUSTRIES AND PRODUCT MIX

Revenue in the first half of 2024 contracted by 16% versus the first half of 2023, primarily due to a decrease in our construction industry revenue, though there were also contractions in our mining and waterwell/geothermal revenue. Foreign exchange movements had a minor impact on the Group's revenue contraction, at less than 1%.

Our revenue from the construction industry contracted by 23% during the period. However, this has been on the back of significant growth in this industry, year on year, since 2019.

Most of the slowdown in the construction industry was in the Americas region where revenue decreased by 29% in H1 2024. The decline in construction revenue in the Europe & Middle East region for H1 2024 was 17% versus H1 2023. Across both the Americas and Europe & Middle East regions, interest rates have been the driving factor in the slowdown. Interest rates increased further during H2 2023, and this has had a direct impact on the starting date of a number of construction projects. These are mainly in private sector projects and others that are deemed non-critical.

We have also seen less revenue in the quarry industry, which forms part of our construction revenue, as activity and demand for materials for private sector projects and residential buildings have decreased in certain countries across Europe and North America. We have also seen reduced demand for products that are used in tunnelling projects. That impact has mostly been with our European construction revenue.

Elsewhere in construction, we continue to develop new market opportunities for our products. Outside of the Europe & Middle East and North American markets, our construction revenue increased by 46% in the period and accounted for 9% of our total construction revenue in H1 2024.

Our mining revenue contracted by 6% in H1 2024 versus H1 2023. A large mining contract that we serviced locally in Chile finished in early Q2 2024, as the margins required to win a re-tender were ultimately not at a level which the Group would be willing to contract. This contributed to a fall in mining revenue in the Americas region of 23% in the period. When we exclude this contract, our mining revenue in H1 2024 fell by 2%.

Mining revenue in Africa also contracted in the period by 5%, largely due to reduced activity in the exploration sector.

However, our mining revenue increased by 8% in the Australia Pacific region in the period, as we recovered some market share. In the Europe & Middle East region our mining revenue had a significant increase in the period of 89%. We saw a return to more regular orders in mining in this region during the period after customer destocking in 2023.

Our revenue in the waterwell/geothermal industry contracted by 22% in H1 2024 versus H1 2023, after growing by 10% in the first half of 2023. This decline is directly related to a contraction in geothermal drilling, due to a downturn in the construction industry in Northern Europe. There has also been a slight contraction in the waterwell industry in North America again tied to a construction slow down.

EARNINGS

Our earnings have been impacted in the period due to an increase in competition for projects which is a result of contraction in our markets, particularly in the construction and geothermal sectors. This, coupled with some price reductions in our offerings to customers resulted in less revenue in H1 2024.

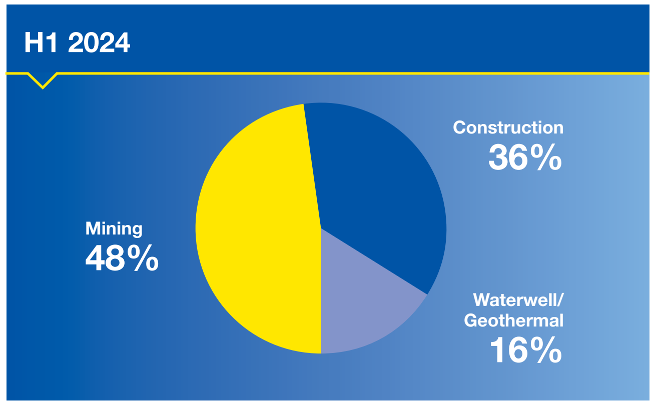
As customer activity reduced, the manufacturing throughput of product in our own plants has fallen, and this has impacted manufacturing cost per product. This was compounded in H1 2024 by the continued focus on reducing our inventory as we manage our working capital levels. As a result, fixed manufacturing overheads are spread across less factory output. To ensure on time delivery is met, we have retained a certain level of variable costs and therefore full cost efficiency could not be met in the period.

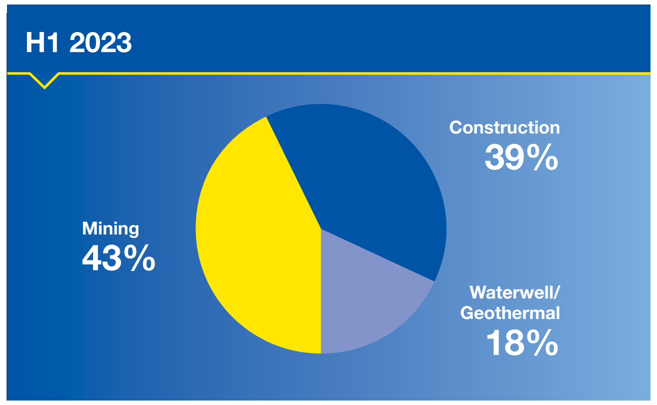
However, during the period we further reduced variable costs that are not directly linked with volume manufacturing, such as manufacturing employee costs and external subcontracting costs, which reduced by 12% and 37% respectively during the period versus H1 2023.

Construction projects that have started in the period are more expensive for contractors due to higher interest rates and inflationary factors during 2023. This has led to contractors pressing consumable suppliers on pricing. Fewer project starts in H1 2024 also gave rise to further price competition in tender processes. The combination of these factors has had a significant bearing on our margins during H1 2024.

Our finance costs have increased marginally in the period on reduced borrowings. This is a reflection of higher interest rates in H2 2023. The Group has a number of bank loans and lease liabilities with a mixture of variable and fixed interest rates.

Industry mix (by revenue)





BALANCE SHEET AND CASH

Our cash generated from operations increased marginally over the same period in the prior year due to reduced working capital requirements in H1 2024.

We have further reduced our overall inventory held in the first six months of 2024, excluding FX, building on the good work completed by our inventory reduction team in 2023, and this has strengthened our cash reserves by over €1 million at the half year-end.

Our debtor balance increased over the prior year end by over €3.5 million, however this was an expected periodic increase, and we expect this to unwind by the year end 2024.

We have commissioned property, plant and equipment of €2.5 million in H1 2024, and we expect a similar level of investment in H2 2024, as we move towards more normalised levels of investment following the recent periods of heightened capital expenditure in the business. We believe our plants are well equipped to deliver the Group's expected growth into the future.

Much of the capital expenditure incurred in recent periods is in relation to a move towards automation of certain manufacturing processes which we anticipate will bring noticeable efficiency gains when manufacturing volumes increase. This bespoke automation solution has been the culmination of an eighteen-month project.

We borrowed further in the first half of 2024, mostly in connection with the commissioning of the new automation processes in our hammer plant in Shannon. We borrowed elsewhere in the Group to maintain heat treatment facilities and to equip our sales force to widen our sales footprint.

During the period we paid €0.5 million for historical acquisitions. We also paid a final year dividend for 2023 of €2.2 million in June 2024.

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GROUP FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT

For the 6 months ended 30 June 2024

	Notes	Unaudited H1 2024 €'000	Unaudited H1 2023 €'000
CONTINUING OPERATIONS			
Revenue	5	68,011	80,585
Cost of sales	7	(50,655)	(54,940)
Gross profit		**17,356**	**25,645**
Operating costs	7	(17,107)	(17,863)
Operating profit		**249**	**7,782**
Finance income		49	19
Finance cost		(1,271)	(1,175)
Foreign exchange gain/(loss)		102	(503)
Movement on deferred consideration		4	4
(Loss)/Profit before tax		**(867)**	**6,127**
Income tax expense		(116)	(1,228)
(Loss)/Profit for the period		**(983)**	**4,899**
(LOSS)/EARNINGS PER ORDINARY SHARE			
Basic (loss)/earnings per share	10	(0.46c)	2.31c
Diluted earnings per share	10	(0.00c)	2.28c

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 30 June 2024

	Unaudited 2024 H1 €'000	Unaudited 2023 H1 €'000
(Loss)/Profit for the period	(983)	4,899
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation – foreign operations	968	(2,840)
Other comprehensive profit/(loss) for the period	968	(2,840)
Total comprehensive (loss)/income for the period	**(15)**	**2,059**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	Unaudited 30 June 2024 €'000	31 December 2023 €'000
NON-CURRENT ASSETS			
Intangible assets and goodwill	12	40,586	40,625
Property, plant and equipment	13	53,770	54,763
Deferred tax asset	8	3,082	2,664
Total Non-Current Assets		**97,438**	**98,052**
CURRENT ASSETS			
Inventory	14	69,421	69,730
Trade and other receivables	15	25,430	21,616
Prepayments and other current assets		8,109	8,609
Current tax asset	8	1,446	1,007
Cash and cash equivalents		15,768	20,482
Total Current Assets		**120,174**	**121,444**
Total Assets		**217,612**	**219,496**
EQUITY			
Ordinary share capital	9	2,125	2,125
Share premium		67,647	67,647
Undenominated capital		39	39
Merger reserve		(17,393)	(17,393)
Share based payment reserve	11	2,398	2,241
Foreign currency translation reserve		(6,898)	(7,866)
Retained earnings		104,244	107,458
Total Equity		**152,162**	**154,251**
NON-CURRENT LIABILITIES			
Loans and borrowings	16	25,129	26,032
Deferred tax liability	8	2,123	2,099
Deferred consideration	17	1,837	1,998
Other liabilities		671	932
Total Non-Current Liabilities		**29,760**	**31,061**
CURRENT LIABILITIES			
Loans and borrowings	16	13,422	14,080
Trade and other payables		12,493	10,505
Accrued and other liabilities		9,462	8,596
Current tax liability	8	313	1,003
Total Current Liabilities		**35,690**	**34,184**
Total Liabilities		**65,450**	**65,245**
Total Equity and Liabilities		**217,612**	**219,496**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 30 June 2024

	Unaudited H1 2024 €'000	Unaudited H1 2023 €'000
OPERATING ACTIVITIES:		
(Loss)/Profit for the period	(983)	4,899
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation	4,048	3,974
Amortisation of internally generated intangible asset	242	242
Amortisation of intellectual property	139	108
Movement on deferred consideration	(4)	(4)
Finance cost	1,271	1,175
Finance income	(49)	(19)
Loss on sale of property, plant & equipment	(133)	11
Income tax expense	116	1,228
Other non-cash movements	(109)	510
	4,538	**12,124**
Changes in trade and other receivables	(3,541)	(7,272)
Changes in prepayments and other assets	574	(119)
Changes in inventory	1,055	(814)
Changes in trade and other payables	2,291	650
Cash provided by operations	4,917	4,569
Interest received	49	19
Interest paid	(1,271)	(1,175)
Income taxes paid	(1,630)	(1,462)
Net cash provided by operating activities	**2,065**	**1,951**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,534)	(4,278)
Proceeds from the sale of property, plant and equipment	313	288
Payment of deferred consideration	(202)	(203)
Investment in acquired intangible assets	(303)	(158)
Net cash provided used in investing activities	**(2,726)**	**(4,351)**
FINANCING ACTIVITIES		
Dividends paid	(2,231)	(2,231)
Repayment of borrowings	(2,270)	(2,569)
Repayment of lease liabilities	(1,546)	(2,112)
Drawdown of loans	1,969	6,472
Net cash provided used in financing activities	**(4,078)**	**(440)**
Effect of foreign exchange rate changes on cash	25	(426)
Net decrease in cash and cash equivalents	**(4,714)**	**(3,266)**
Cash and cash equivalents at the beginning of the year	20,482	15,939
Cash and cash equivalents at the end of the period	**15,768**	**12,673**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 June 2024

	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	Unaudited Total equity €'000
Balances at 1 July 2023	**2,125**	**67,647**	**(17,393)**	**39**	**2,669**	**(8,426)**	**107,117**	**153,778**
COMPREHENSIVE INCOME:								
Profit for the period	-	-	-	-	-	-	2,572	**2,572**
OTHER COMPREHENSIVE INCOME:								
Foreign currency translation	-	-	-	-	-	560	-	560
Total comprehensive income						**560**	**2,572**	**3,132**
TRANSACTIONS WITH SHAREHOLDERS:								
Share-based payments	-	-	-	-	(428)	-	-	(428)
Dividend payment	-	-	-	-	-	-	(2,231)	(2,231)
Total transactions with Shareholders	-	-	-	-	**(428)**	-	**(2,231)**	**(2,659)**
Balances at 31 December 2023	**2,125**	**67,647**	**(17,393)**	**39**	**2,241**	**(7,866)**	**107,458**	**154,251**
COMPREHENSIVE INCOME:								
Loss for the period	-	-	-	-	-	-	(983)	**(983)**
OTHER COMPREHENSIVE INCOME:								
Foreign currency translation	-	-	-	-	-	**968**	-	**968**
Total comprehensive income						**968**	(983)	**(15)**
TRANSACTIONS WITH SHAREHOLDERS:								
Share-based payments	-	-	-	-	157	-	-	**157**
Dividend payment	-	-	-	-	-	-	(2,231)	**(2,231)**
Total transactions with Shareholders	-	-	-	-	157	-	(2,231)	**(2,074)**
Balances at 30 June 2024	**2,125**	**67,647**	**(17,393)**	**39**	**2,398**	**(6,898)**	**104,244**	**152,162**

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Mincon Group plc ("the Company") is a company incorporated in the Republic of Ireland. The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2024 (the "Interim Financial Statements") include the Company and its subsidiaries (together referred to as the "Group"). The Interim Financial Statements were authorised for issue by the Directors on 6 August 2024.

2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the EU. The Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023 as set out in the 2023 Annual Report (the "2023 Accounts"). The Interim Financial Statements do, however, include selected explanatory notes to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The Interim Financial Statements do not constitute statutory financial statements. The statutory financial statements for the year ended 31 December 2023, extracts from which are included in these Interim Financial Statements, were prepared under IFRS as adopted by the EU and will be filed with the Registrar of Companies together with the Company's 2023 annual return. They are available from the Company website www.mincon.com and, when filed, from the registrar of companies. The auditor's report on those statutory financial statements was unqualified.

The Interim Financial Statements are presented in Euro, rounded to the nearest thousand, which is the functional currency of the parent company and also the presentation currency for the Group's financial reporting.

The financial information contained in the Interim Financial Statements has been prepared in accordance with the accounting policies applied in the 2023 Accounts.

3. USE OF ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. The judgements, estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates. In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2023 Financial Statements.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

There have been no changes in significant accounting policies applied in these Interim Financial Statements, they are the same as those applied in the last annual audited financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

5. REVENUE

	H1 2024 €'000	H1 2023 €'000
PRODUCT REVENUE:		
Sale of Mincon product	54,828	67,190
Sale of third-party product	13,183	13,395
Total revenue	**68,011**	**80,585**

6. OPERATING SEGMENTS

Operating segments 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.

Having assessed the aggregation criteria contained in IFRS 8 operating segments and considering how the Group manages its business and allocates resources, the Group has determined that it has one reportable segment. In particular the Group is managed as a single business unit that sells drilling equipment, primarily manufactured by Mincon manufacturing sites.

Entity-wide disclosures

The business is managed on a worldwide basis but operates manufacturing facilities and sales offices in Ireland, Sweden, Finland, South Africa, UK, Australia, the United States and Canada and sales offices in other locations including Australia, South Africa, Finland, Spain, Namibia, Ghana, France, Sweden, Canada, 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):

	H1 2024 €'000	H1 2023 €'000
REGION:		
Europe, Middle East, Africa	32,952	38,290
Americas	26,303	34,894
Australasia	7,228	6,729
Ireland	1,528	672
Total revenue from continuing operations	**68,011**	**80,585**

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

	30 June 2024 €'000	31 December 2023 €'000
REGION:		
Europe, Middle East, Africa	66,870	67,976
Americas	16,717	16,352
Australasia	10,769	11,060
Total non-current assets[1]	**94,356**	**95,388**

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

7. COST OF SALES AND OPERATING EXPENSES

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

Cost of sales

	H1 2024 €'000	H1 2023 €'000
Raw materials	20,459	22,364
Third-party product purchases	10,222	10,073
Employee costs	9,961	11,347
Depreciation (note 13)	2,827	2,643
In bound costs on purchases	1,548	1,744
Energy costs	1,289	1,449
Maintenance of machinery	795	832
Subcontracting	1,639	2,612
Amortisation of product development	242	242
Other	1,673	1,634
Total cost of sales	**50,655**	**54,940**

Operating costs

	H1 2024 €'000	H1 2023 €'000
Employee costs	10,203	10,857
Depreciation (note 13)	1,221	1,331
Amortisation of acquired IP	139	108
Travel	1,075	889
Other	4,469	4,678
Total other operating costs	**17,107**	**17,863**

The Group recognised €NIL in Government Grants during H1 2024 (H1 2023: €32,000). These grants differ in structure from country to country, they primarily relate to personnel costs.

Employee information

	H1 2024 €'000	H1 2023 €'000
Wages and salaries	17,265	19,450
Social security costs	1,602	1,426
Pension costs of defined contribution plans	1,140	1,164
Share based payments (note 11)	157	164
Total employee costs	**20,164**	**22,204**

The average number of employees was as follows:

	H1 2024 Number	H1 2023 Number
Sales and distribution	125	138
General and administration	74	80
Manufacturing, service and development	335	406
Average number of persons employed	**534**	**624**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

8. INCOME TAX

The Group's consolidated effective tax rate in respect of operations for the six months ended 30 June 2024 was (-13%) (30 June 2023: 20%). The effective rate of tax is forecast at 12% for 2024. The tax charge for the six months ended 30 June 2024 of €116,000 (30 June 2023: €1.2 million) includes deferred tax relating to movements in provisions, net operating losses forward and the temporary differences for property, plant and equipment recognised in the income statement.

The net current tax liability at period-end was as follows:

	30 June 2024 €'000	31 December 2023 €'000
Current tax prepayments	1,446	1,007
Current tax payable	(313)	(1,003)
Net current tax	1,133	4

The net deferred tax liability at period-end was as follows:

	30 June 2024 €'000	31 December 2023 €'000
Deferred tax asset	3,082	2,664
Deferred tax liability	(2,123)	(2,099)
Net deferred tax	959	565

9. SHARE CAPITAL

Allotted, called – up and fully paid up shares	Number	€000
01 January 2024	212,472,413	2,125
30 June 2024	212,472,413	2,125

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.

10. (LOSS)/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 periods ended 30 June:

	H1 2024	H1 2023
Numerator (amounts in €'000):		
(Loss)/Profit attributable to owners of the Parent	(983)	4,899
Denominator (Number):		
Basic shares outstanding	212,472,413	212,472,413
Restricted share options	3,690,000	2,780,000
Diluted weighted average shares outstanding	216,162,413	215,252,413
Earnings per Ordinary Share		
Basic (loss)/earnings per share, €	(0.46c)	2.31c
Diluted earnings per share, €	(0.00c)	2.28c

For the period ended 30 June 2024, the inclusion of potentially issuable ordinary shares would result in a decrease in the loss per share, thus, they are considered to be anti-dilutive and as such, a diluted loss per share was not included.

11. SHARE BASED PAYMENT

The vesting conditions of the scheme state that the minimum growth in EPS shall be CPI plus 5% per annum, compounded annually, over the relevant three accounting years up to the share award of 100% of the participant's 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 options	Number of Options in thousands
Outstanding on 1 January 2024	830
Forfeited during the period	-
Exercised during the period	-
Granted during the period	2,860
Outstanding at 30 June 2024	**3,690**

12. INTANGIBLE ASSETS AND GOODWILL

	Internally generated intangible assets €'000	Goodwill €'000	Acquired intellectual property €'000	Total €'000
Balance at 1 January 2024	**6,665**	**32,050**	**1,910**	**40,625**
Amortisation of product development	(242)	-	-	**(242)**
Acquired intellectual property	-	-	303	**303**
Amortisation of intellectual property	-	-	(139)	**(139)**
Foreign currency translation differences	-	(26)	65	**39**
Balance at 30 June 2024	**6,423**	**32,024**	**2,139**	**40,586**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

13. PROPERTY, PLANT AND EQUIPMENT

Capital expenditure in the first half-year amounted to €2.5 million (30 June 2023: €4.3 million), of which €2.2 million was invested in plant and equipment (30 June 2023: €4.1 million) and €38,000 in ROU assets (30 June 2023: €800,000). The depreciation charge for property, plant and equipment is recognised in the following line items in the income statement:

	H1 2024 €'000	H1 2023 €'000
Cost of sales (note 7)	2,827	2,643
Operating Costs (note 7)	1,221	1,331
Total depreciation charge for property, plant and equipment	**4,048**	**3,974**

14. INVENTORY

	30 June 2024 €'000	31 December 2023 €'000
Finished goods	47,079	45,953
Work-in-progress	8,912	9,060
Raw materials	13,430	14,717
Total inventory	**69,421**	**69,730**

The Group recorded an impairment of €NIL against inventory to take account of net realisable value during the period ended 30 June 2024 (30 June 2023: €58,000).

15. TRADE AND OTHER RECEIVABLES

	30 June 2024 €'000	31 December 2023 €'000
Gross receivable	27,188	23,129
Provision for impairment	(1,758)	(1,513)
Net trade and other receivables	**25,430**	**21,616**

	Provision for impairment €'000
Balance at 1 January 2024	(1,513)
Additions	(245)
Balance at 30 June 2024	(1,758)

15. TRADE AND OTHER RECEIVABLES CONTINUED

The following table provides the information about the exposure to credit risk and ECL's for trade receivables as at 30 June 2024.

	Weighted average loss rate %	Gross carrying amount €'000	Loss allowance €'000
Current (not past due)	1.8%	19,194	346
1–30 days past due	10.6%	3,392	360
31–60 days past due	11.9%	2,868	341
61–90 days	17%	1,233	210
More than 90 days past due	100%	501	501
Net trade and other receivables		**27,188**	**1,758**

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

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

16. LOANS, BORROWINGS AND LEASE LIABILITIES

	Maturity	30 June 2024 €'000	31 December 2023 €'000
Loans and borrowings	2024-2036	32,320	32,486
Lease liabilities	2024-2032	6,231	7,626
Total Loans, borrowings and lease liabilities		**38,551**	**40,112**
Current		13,422	14,080
Non-current		25,129	26,032

The Group has a number of bank loans and lease liabilities with a mixture of variable and fixed interest rates. The Group has not been in default on any of these debt agreements during any of the periods presented. The loans are secured against the assets for which they have been drawn down for.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

17. FINANCIAL RISK MANAGEMENT

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

The half-year financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the 2023 Annual Report. There have been no changes in our risk management policies since year-end and no material changes in our interest rate risk.

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 30 June 2024 and 31 December 2023 were as follows:

	30 June 2024 €'000	31 December 2023 €'000
Cash and cash equivalents	15,768	20,482
Loans and borrowings	38,551	40,112
Shareholders' equity	152,162	154,251

b) Foreign currency risk

The Group is a multinational business operating in a number of countries and the euro is the presentation currency. The Group, however, does have revenues, costs, assets and liabilities denominated in currencies other than euro. Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. The resulting monetary assets and liabilities are translated into the appropriate functional currency at exchange rates prevailing at the reporting date and the resulting gains and losses are recognised in the income statement. The Group manages some of its transaction exposure by matching cash inflows and outflows of the same currencies. The Group does not engage in hedging transactions and therefore any movements in the primary transactional currencies will impact profitability. The Group continues to monitor appropriateness of this policy.

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

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

17. FINANCIAL RISK MANAGEMENT CONTINUED

b) Foreign currency risk continued

In 2024, 55% (2023: 56%) of Mincon's revenue €68 million (30 June 2023: €81 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.

Currency also has a significant transactional impact on the Group as outstanding balances in foreign currencies are retranslated at closing rates at each period end. The changes in the South African Rand, Australian Dollar, Swedish Krona and British Pound have either weakened or strengthened, resulting in a foreign exchange loss being recognised in other comprehensive income and a significant movement in foreign currency translation reserve.

Average and closing exchange rates for the Group's primary currency exposures were as disclosed in the table below for the period presented.

Euro exchange rates	30 June 2024 Closing	H1 2024 Average	31 December 2023 Closing	H1 2023 Average
US Dollar	1.07	1.08	1.10	1.08
Australian Dollar	1.61	1.64	1.62	1.60
Canadian Dollar	1.47	1.47	1.46	1.46
Great British Pound	0.85	0.85	0.87	0.88
South African Rand	19.46	20.22	20.18	19.67
Swedish Krona	11.35	11.39	11.13	11.33

There has been no material change in the Group's currency exposure since 31 December 2023. Such exposure comprises the monetary assets and monetary liabilities that are not denominated in the functional currency of the operating unit involved.

c) Fair values

Financial instruments carried at fair value

The deferred consideration payable represents management's best estimate of the fair value of the amounts that will be payable, discounted as appropriate using a market interest rate. The fair value was estimated by assigning probabilities, based on management's current expectations, to the potential pay-out scenarios. The fair value of deferred consideration is not dependent on the future performance of the acquired businesses against predetermined targets and on management's current expectations thereof.

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 period ended to 30 June 2024 are as follows:

	Deferred consideration €'000
Balance at 1 January 2024	**1,998**
Cash payment	(202)
Foreign currency translation adjustment	45
Unwinding of discount on deferred consideration	(4)
Balance at 30 June 2024	**1,837**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS CONTINUED

18. COMMITMENTS

The following capital commitments for the purchase of property, plant and equipment had been authorised by the directors at 30 June 2024:

	Total €'000
Contracted for	1,013
Not contracted for	37
Total	**1,050**

19. LITIGATION

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

20. RELATED PARTIES

The Group has relationships with its subsidiaries, directors and senior key management personnel. All transactions with subsidiaries eliminate on consolidation and are not disclosed.

As at 30 June 2024, the share capital of Mincon Group plc was 56.32% owned by Kingbell Company (31 December 2023 56.32%), this company is ultimately controlled by Patrick Purcell and members of the Purcell family. Patrick Purcell is also a director of the Company. The Group paid the final dividend for 2023 in June 2024, Kingbell Company receive €1.3 million.

There were no other related party transactions in the half year ended 30 June 2024 that affected the financial position or the performance of the Company during that period and there were no changes in the related party transactions described in the 2023 Annual Report that could have a material effect on the financial position or performance of the Company in the same period.

21. SUBSEQUENT EVENTS

There have been no significant events subsequent to the period end 30 June 2024 affecting the Group.

22. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the interim condensed consolidated financial statements for the six months ended 30 June 2024 on 06 August 2024.

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