

This announcement contains inside information

Mincon Group plc
(“Mincon” or the “Group”)

Q3 2023 TRADING UPDATE

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 consumable products, today provides a trading update for the period from 1st January 2023 to date, incorporating the nine months to 30th September 2023.

Further to the most recent commentary provided about the challenging market conditions in which the Company is currently operating, Group revenues contracted further during Q3 2023 and, for the first nine months of 2023, are currently 7% below revenues in the same period in 2022. The revenue decrease in Q3 is attributable to contraction of our sales into the mining industry in some regions with a particular weakness in Africa in recent months. In addition, we had anticipated commencing two large scale construction projects in North America early in Q4 which will no longer take place as planned, albeit the larger of the two will now commence in 2024. Elsewhere, we have seen single digit growth in the waterwell / geothermal industry.

Our overall working capital position has improved during the period through our previously announced inventory reduction programme. Our debtor position has also improved since H1 2023, resulting in decreased payables and an improved cash position, which has facilitated continued investment into our new product development projects and positioning the Group for future growth.

The progress made on our inventory reduction programme, along with reduced revenue in the mining industry, has resulted in lower output from our factories. This, together with a more competitive mining market, has resulted in a reduced gross margin for the year to Q3 2023 (c. 30.4% vs 32.0% in Q3 2022).

As previously guided within our half year results, to progress the competitiveness of the business into the future, we have continued to implement our cost reduction programme in the period. The exceptional cost associated with this (€0.8m year to date) has impacted on our 2023 results but should yield benefits in 2024 and beyond.

In light of the above, looking ahead to the remainder of the year we now expect to deliver full year EBITDA of approximately €20 million. Our outlook for the medium term is positive, we will continue to invest, to improve our competitiveness within our current industries, and focus on delivering new opportunities in current and new industries to deliver better returns for the Group.

Ends
9th October 2023

For further information please contact

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Forward looking statements

Any forward-looking statements made in this document represent the Board's best judgment as to what may occur in the future. However, the Group's actual results for the current and future financial periods and corporate developments will depend on a number of economic, competitive and other factors, some of which will be outside the control of the Group. Such factors could cause the Group's actual results for future periods to differ materially from those expressed in any forward-looking statements included in this announcement.