EQTEC™

2022
Annual Report

Syngas for distributed, decarbonised new energy infrastructure

Contents

Waste is a ubiquitous and limitless resource. EQTEC's mission is to cleanly and sustainably transform it into energy and biofuels that replace the world's fossil fuel legacy with a local-for-local, circular, renewable future.

Where there is waste, there is a potential for clean energy. EQTEC's patented and proprietary technology cleanly converts the widest variety of waste types to **syngas**, an intermediate fuel enabling production of the widest range of bioenergy and biofuels, including combined heat and power (CHP), renewable natural gas (RNG), hydrogen, liquid fuels including sustainable aviation fuel (SAF) and other chemicals such as bioethanol and biomethanol.

Directors and advisors

IAN PEARSON
Non-Executive Chairman

DAVID PALUMBO
Chief Executive Officer

NAUMAN BABAR
Chief Financial Officer
and Company Secretary

JEFFREY VANDER LINDEN
Chief Operating Officer

DR. YOEL ALEMÁN MÉNDEZ
Chief Technical Officer

TOM QUIGLEY
Non-Executive Director

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The Company is incorporated in Ireland
with registration number: 462861

2022 at a glance

Innovation

- Steam-oxygen gasification installation for advanced biofuels
- Contaminated plastics added to feedstock library
- RDF trials succeed even at high humidity
- GHG emissions baseline indicates cleantech excellence
- Collaboration with CompactGTL toward gas-to-liquids pilot

Execution

- Mechanical completion at Italia MDC
- Investors identified to complete Croatia MDC
- Rapid acquisition of plant for France MDC
- North Fork construction refinance and reboot
- Livadia project in Greece 80% funded

Focus

- Market launch into France
- SEPS deal toward contaminated plastics pilot
- World-class partners: Wood, Petrofac, Anaergia, Black & Veatch
- €18 million+ cost avoidance on UK projects
- Monthly reviews and reductions of working capital

Financial performance

- **Revenue €8.0 million** (FY2021: €9.2 million)
- **Cash €1.7 million** (31 December 2021: €6.4 million)
- **Net assets €37.1 million** (31 December 2021: €43.4 million)

MDCs

- **Italy MDC** Construction completed; commissioning started
- **Croatia MDC** Final investment engaged; target 2023 COD
- **France MDC** Acquired; permitted; SPV buyer identified

Other projects

- **Deeside project (UK)** Initial FEED completed; refinements pursued
- **North Fork project (USA)** Refinanced; construction restarted
- **Livadia project (Greece)** 80% funded; final funding identified

Delivery platform

- Engineering benchmarks target **top quartile talent**
- **EQTEC France** New go-to-market with strong pipeline
- **Equity and debt finance** secured for business continuity

Strategic reports

Aerial view of control room at future France MDC, Villers-sous-Montrond, France

Chairman's statement

IAN PEARSON
Non-Executive Chairman

05 May 2023

INTRODUCTION

If 2021 was for EQTEC a year of growth and momentum, then 2022 was a year of focused execution amidst adverse market conditions. I am pleased with the decisiveness and rapid response exercised by our executive directors in the face of uncertainty. On reflection, and despite EQTEC's falling short of our aspirations for the year, the difficulties we faced head-on in 2022 exercised our leadership's commitment, resolve and capacity for innovation in a way that will benefit the Company in years to come.

The year started with post-pandemic market uncertainty, suddenly and dramatically exacerbated by Russia's attack on Ukraine and the consequent crisis in energy and consumables. Ironically, even as the case was being made so clearly in the media for deployment of alternative, baseload solutions for energy security and independence, EQTEC was experiencing dramatic tightening of capital markets, constraining momentum with deployment of its technology that delivers just that.

THE VIRTUE OF FOCUS

Our leadership responded quickly to these events, designing and deploying a Focus Plan that prioritised MDCs and other strategic projects, curtailing any expenditure not directly supporting priorities and reducing working capital to preserve cash, across the business.

By the end of 2022, EQTEC delivered revenues of €8.0 million, less than in 2021 but more than three and a half times that of 2020, and in a tougher market. Perhaps more critically, the team's focus and hard work delivered measurable progress with MDCs: the Italy MDC reached mechanical and electrical completion; the Croatia MDC had components manufactured to support its capacity upgrade thereby attracting investor interest and a France MDC was successfully acquired and added to the portfolio.

France is itself a success story. Launched in March 2022, EQTEC France is already producing the Company's strongest pipeline, led by the France MDC, which the Group rapidly acquired and successfully confirmed with French authorities in July 2022. The MDC will not only be another demonstration of EQTEC's technology but a reference plant for France, for mixed feedstock (waste wood with RDF) and for another localised solution on a highly active waste management site.

Chairman's statement

> **The difficulties we faced head-on in 2022 exercised our leadership's commitment, resolve and capacity for innovation in a way that will benefit the Company in years to come.**

IAN PEARSON
Non-Executive Chairman

THE FRENCH CONNECTION

The progress in France demonstrates the combination of three factors for success: a talented and hard-working team; strategic focus; and a brand associated with world-leading innovation. There is no doubt that the tireless efforts of our leadership in France and across EQTEC drove the rapid progress in that new market for the business.

France is the Group's best example of a market following EQTEC's business strategy. The pipeline there is founded on a MDC. The projects being progressed there are funded before EQTEC engages with them, so the Company need not invest its own capital and can devote its efforts and resources to design, engineering and technology supply. It is the first market wherein EQTEC will charge for its services from the outset of work all the way through to plant commissioning and beyond.

EQTEC's strongest and most active R&D programme is with LERMAB (Laboratoire d'Études et de Récherches sur le Matériau Bois) at the University of Lorraine, located in Épinal, France. That programme, active for a decade, has brought not only R&D success to both LERMAB and EQTEC, but also considerable renown in the renewables sector across France and beyond. It is fitting that EQTEC's reputation is based on its technology and the ongoing innovation in which we invest—that is at the core of what we do. The more this is recognised and amplified across the world, the more I believe we will see well-funded projects and pipelines springing up and demanding our attention.

FOCUSING FORWARD

Having now seen our leadership team address the market challenges of 2022 by focusing the business on execution against a narrower agenda, I have great faith that this approach will be adopted by the business in the years ahead. With a technology as relevant and reliable as ours, it is easy to be overcome by impatience to see it succeed everywhere. The hard lessons of 2022 forced us to invest our considerable energies into a narrower scope of execution, which I believe gives us a stronger and stabler platform from which to grow faster in the future.

David Le Saint, EQTEC France Market Lead, at future France MDC

Side of EQTEC Italia MDC srl and surrounding Val d'Orcia, Tuscany, Italy

Chief Executive's report

DAVID PALUMBO
Chief Executive Officer

05 May 2023

INTRODUCTION

In the face of economic challenges and limited resources, EQTEC in 2022 reaffirmed its business strategy, adapted its growth platform and toughened its resolve. Based on having one of the few technologies of its kind with a proven track record, we focused our energies on ensuring we can truly make our technology available, reliably and consistently, for the several business models we support in the world of new energy infrastructure.

Our target remains making EQTEC a leading licensor and innovator of technology that delivers clean, baseload energy and biofuels solutions to the world's leading Industrial and Utility companies and to Municipalities and Agroindustry around the globe. To become that, we must be more than simply the leading innovator for waste-to-value solutions; we must also be known for deploying our technology through projects that consistently deliver on time, to budget and for plants that deliver healthy returns on investment, sustainably over their lifetimes.

Our business strategy is therefore built around three, major focus areas: first, demonstration of EQTEC's versatile syngas solutions in live, reference plants that deliver attractive returns through a variety of business models; second, deployment of our solutions through the world's best funded, best managed projects and most capable partners; and third, retaining our technology leadership through R&D and innovation, improving the efficiency and productivity of existing solutions and developing new solutions that keep pace with the market for new energy infrastructure.

In 2022, we delivered focused, formative progress in all three areas.

DEMONSTRATING NEW ENERGY INFRASTRUCTURE

Our immediate targets for demonstration of EQTEC syngas solutions are our Market Development Centres (MDCs): live, profitable reference plants that demonstrate a range of EQTEC solutions for waste conversion and syngas application. 2022 saw completed construction of our first MDC, measurable progress on a second and acquisition of a third.

In Italy, the Italia MDC hired its plant manager and a full-time plant operations team, onboarded and trained them and in parallel achieved mechanical and electrical completion of the plant. At the end of the year, EQTEC's engineering team kicked off final commissioning toward commercial operations, which it achieved in Q1 2023, with handover to the plant's operations team imminent at the time of publication of this report. In early 2023, we hosted visits at the Italia MDC with prospective, strategic partners and investors and we have a busy schedule of future visits to the plant already arranged for the remainder of the year.

The Italia MDC demonstrates EQTEC's syngas solutions for Agricultural business models. These offer autonomous energy generation in remote locations, from locally sourced agricultural and/or forestry waste, with the potential for additional revenue from biochar, which enjoys a healthy and growing market value, particularly for agricultural applications.

In Croatia, we confirmed completion of manufacturing for key components and continued progress with investors in and operators of the recommissioned Croatia MDC plant in Belišće, Croatia. We expect financial close, commissioning and live operation of the plant in late 2023.

The Croatia MDC will demonstrate EQTEC's syngas solutions for Industrial business models, which offer on-premise or near-premise, circular transformation of industrial and/or other waste into valuable energy or biofuels. Typically, the waste taken from a given industrial site is cleanly and efficiently returned to that site as electrical power, thermal energy and/or biofuels in support of industrial operations. Not only is this circular process clean, but it replaces the business costs of both waste removal and energy generation with a single, cost-effective solution.

In France, we confirmed the French state's approval of our acquisition of an existing waste-to-energy facility with a previously failed gasification technology and our intention to retrofit the plant with our own technology. The plant, located in Villers-sous-Montrond, Doubs, near the Franco-Swiss border, will transform mixed feedstock including waste wood, contaminated waste wood and refuse-derived fuel (RDF) from municipal waste into electrical power and thermal energy. In late 2022, we made steady progress with a large utility company toward full acquisition of the project and recommissioning of the facility. We expect full sale of the project by mid-2023, with live operation of the plant in 2024.

The France MDC will demonstrate EQTEC's syngas solutions for Utility business models, which offer energy and biofuel infrastructure operators a route to decarbonisation of their current footprints, with profitable, new lines of business based on future-ready infrastructure. We envision selling portfolios of our solutions to Utility and Industrial clients in line with their strategic roadmaps, as they seek baseload energy production alternatives to enable their energy transitions.

WORLD-CLASS CUSTOMERS AND PARTNERS

In 2022, we activated relationships with Tier 1 delivery partners, appointing them to specific projects and contracting them for specific pieces of work to accelerate progress and safeguard delivery quality. We also forged new relationships with large, infrastructure owners and investors, for activation in 2023. Finally, and critically, we took specific steps to de-risk the Company from legacy obligations unaligned to our business strategy.

In the UK, we pressed ahead with front-end engineering design (FEED) for a combined, anaerobic digestion and syngas technology facility at Deeside, Flintshire, through appointment of global engineering company Black & Veatch, who completed the FEED work within the year. That design is now being revisited toward simplifying and phasing the project, thus making it more attractive to prospective investors.

Also in the UK, we appointed Wood as our technology partner at the Southport project, where the second phase of work would result in a municipal waste-to-syngas-to-hydrogen plant built around an integrated technology solution from EQTEC and Wood. The appointment is built on our strategic collaboration agreement with Wood, signed in late 2021, and is expected to be first of several projects we undertake together, based on a growing pipeline of opportunities we are jointly pursuing.

"Our target remains making EQTEC a leading licensor and innovator of technology that delivers clean, baseload energy and biofuels solutions to the world's leading Industrial and Utility companies and to Municipalities and Agroindustry around the globe."

DAVID PALUMBO
Chief Executive Officer

Chief Executive's report

At both Deeside and Southport, we are deepening our relationship with Anaergia Inc., a technology and delivery partner with leading capabilities in anaerobic digestion. At Southport, the first phase of work will apply Anaergia technology, and Anaergia has also agreed to be the EPC for that work, as well as the operations & maintenance (O&M) company for it. We are exploring similar options at Deeside with Anaergia, currently collaborating on a simplified and cost-effective technology solution for a Phase 1 implementation, where Anaergia has proposed becoming a delivery partner as well.

At our Billingham, Teesside project in the UK, we appointed Petrofac as our FEED partner, also signing a letter of intent to formalise our joint commitment to the project. Petrofac's selection was based on a competitive tendering process, with Petrofac producing the superior proposal following close collaboration with our team over many months. In addition to specifying Petrofac as the FEED partner and potential EPC, the Letter of Intent expressed our joint objective to co-present the project to prospective investors, something we are now pursuing. We also expressed our joint intent to identify and collaborate on more projects together in future.

Additional investors and funding sources were lined up across other projects with our joint ventures in Croatia and Greece. Marko Slunjski, Managing Director of Synergy Projects d.o.o. in Croatia, engaged a consortium of investors for the Croatia MDC and an agreement is expected in the first half of 2023. In Greece, Eleni Bairami of Synergy Projects Limited (Synergy Projects Greece), arranged a new debt facility with Optima Bank S.A. to support construction of the Livadia mixed biomass-to-energy project plant, making it 80 percent funded. The Optima facility is backed in part by the European Commission's Recovery and Resilience Facility (RRF) for Greece.

Partner spotlight

Partner: Technology | **Market:** RNG and Hydrogen

Richard Spires
Technology Development Director

Edward Davis
Commercial Manager Technology & Products

Omar Bedani
Commercial Manager Technology & Products Italy

Wood is one of the world's leading consulting and engineering companies operating across Energy and Materials markets, with 35,000 professionals across 60 countries and with annual revenues of c. $5.5 billion. Wood's stated purpose is to unlock solutions to the world's most critical challenges, in Energy and Materials markets.

Wood's VESTA technology is an established solution for methanation or hydrogen separation from syngas, which is efficiently produced through EQTEC's advanced gasification technology. The advantage of VESTA over the other methanation methods is its full flexibility to balance both capital and operative expenditures, and the adaptation of any source of syngas, such as biomass or waste.

EQTEC and Wood have been acquainted since 2020 and in November 2021 signed a formal collaboration agreement aimed at joint development and sales of integrated technology solutions for converting a wide range of waste types into RNG (renewable natural gas) or hydrogen through EQTEC's syngas technology and Wood's VESTA technology.

Since then, the partners' **integrated Collaboration Management Team** has met monthly to build and qualify a joint pipeline of work, advance projects and undertake joint R&D activities toward integrated solution development.

With Wood's appointment at EQTEC's Southport project and additional opportunities in France, Italy, Ireland and the USA, and with demand for RNG and hydrogen expected to grow dramatically in both the near term and longer term, the collaboration looks forward to an exciting time ahead.

Synergy Projects Greece is now pursuing a large, equity investor for the balance of Livadia funding and a broader portfolio of investments.

In France, we engaged local, regional and national government-level funding sources as well as Tier 1 and Tier 2 owner-operators of infrastructure. The engagement started in late 2022 has already born fruit in early 2023 with several announcements of pre-funded projects through government and private sources. We look forward to further updating during the course of the year.

To reduce our direct investments into projects and accelerate our strategy of transition to a technology licensor, we worked hard in 2022 and continue in 2023 to minimise our exposure to project development and other liabilities. This focuses especially on removing EQTEC from any non-engineering role in project development, favouring collaboration with leading partners.

At the Southport project, we announced an agreement with development partner Rotunda Group Limited under which Rotunda would retain the Phase 1 anaerobic digestion scope and release the Company from liabilities for it, whilst securing outstanding development services fees due to us. At the Billingham project, we announced an agreement with Scott Bros. Enterprises Limited for an option for the grant of a lease in respect of the project land, releasing us from liabilities for acquisition of the project land, enabling us to focus on funding, detailed design and financial close. Finally, we announced that the project company for our North Fork, California project had entered into an agreement for financial restructuring with the project lenders towards full funding of the project up to live operation of the plant. The funding was agreed through pre-negotiated, Chapter 11 bankruptcy arrangements. Not only did this allow work on site to recommence in earnest, but it effectively replaced our previously announced loan facility in favour of a more appropriate funding source.

FINANCIAL HIGHLIGHTS

- **Revenue:** For the financial year ending 31 December 2022, the Group recognised revenue of €8.0 million (FY 2021: €9.2 million).
- **Profit/loss:** For the financial year, the Group incurred losses, before significant and non-recurring items, of €5.6 million (FY 2020: €4.7 million).
- **Assets:** The net assets of the Group were recorded at €37.1 million as at 31 December 2022 (31 December 2021: €43.4 million).
- **Placing:** The Company in July raised £3.7 million (€4.2 million) before expenses, in an oversubscribed placing.
- **Cash:** The cash balance of the Group as at 31 December 2022 stood at €1.7 million (31 December 2021: €6.4 million).
- **Debt:** The Company in March agreed a new loan facility of £10 million (€11.3 million) with Riverfort Global Opportunities PCC Limited and YA II PN. In December, another loan facility of £2 million (€2.3 million) was also entered into with Altair Group, EQTEC's largest shareholder.

EQTEC COO Jeff Vander Linden (second from left) with Julia Hoggett, CEO of London Stock Exchange (fourth from left), Lord Callanan (fifth from left) and other LSE leaders and renewable energy company executives, at the 2022 LSE Green Economy Mark Cohort recognition event.

TECHNOLOGY LEADERSHIP

In 2022, we made strong and strategically important progress advancing the capabilities and application of EQTEC technology, making three major announcements.

First, we upgraded our R&D facility housed at the Université de Lorraine in Épinal, France, adding capability for steam-oxygen gasification. This will allow trials for advanced applications such as hydrogen, renewable natural gas (RNG) and liquid biofuels and gives us a unique, applied R&D capability to support our growth with these new applications. We already have plans and requests in 2023 for trials on behalf of prospective customers and partners.

Second, we received third-party validation of EQTEC technology's suitability for clean conversion of contaminated plastic waste into synthesis gas (syngas), resulting in a formal agreement with French industrial waste management company SEPS for joint pursuit of contaminated waste-to-energy projects in France, starting with an initial project already secured by SEPS.

Third, we announced a formal collaboration with gas-to-liquids technology company CompactGTL, for joint development of an integrated, low-carbon waste-to-liquid fuels solution, with a synthetic aviation fuels (SAF) reference plant already targeted by the two companies for development.

BUSINESS CONTINUITY THROUGH TURBULENT MARKETS

Sustainable growth is not built on the luxury of a constantly expanding market, but on focused planning, consistent execution and agile adaptation. 2022 kicked off with Russia's invasion of Ukraine, which triggered an unwelcome domino effect in capital markets. Not only did the attack introduce additional uncertainty into an already uncertain, post-pandemic market, but Russia's added controls over supply of oil and natural gas meant the capital markets and the investment capital on which we could depend previously was simply no longer there.

The option for us was clear: we needed to preserve our capital, reduce any capital liabilities and accelerate our strategy of becoming a pure-play technology company. By Q2, we had launched our Focus Plan, which aimed at doing precisely that. We put up our largest projects for sale to infrastructure investors or operators, identified where

Partner spotlight

Partner: EPC and O&M | **Market:** UK and global

Petrofac

Jonathan Carpenter

Vice President,
New Energy Services

Alex Haynes

Head of Business Development,
New Energy Services

Chet Biliyok

Technical Director,
New Energy Services

Petrofac is a leading energy services company whose purpose is to help its clients meet the world's evolving energy needs by applying its engineering know-how and consultancy expertise to design, build, and operate world-class energy facilities engineered for safety, optimal efficiency, and low emissions.

Petrofac's New Energies business is focused on engaging a wide range of new technologies to support sustainable and renewable energy projects as the world transitions from energy derived from hydrocarbons. In 2020, new energy projects accounted for 22% of Petrofac's intake, and the sector remains a focus for the business. Petrofac's growth in New Energies is underpinned by its delivery of projects across the wind, hydrogen, carbon capture utilisation and storage (CCUS), and waste-to-value sectors.

EQTEC and Petrofac have been collaborating since 2020 and quickly identified their strategic synergies. In 2022, EQTEC requested proposals from multiple, prospective front-end engineering design (FEED) partners and prospective EPCs for the Billingham project, its largest and most complex. Petrofac submitted a highly robust and attractive proposal that was ultimately selected by EQTEC and resulted in Petrofac's appointment in July 2022, with the two companies signing a letter of intent for collaboration on the project.

Petrofac's ability to operate in a range of markets and across the entire asset lifecycle, from design to decommissioning, makes it especially versatile as a partner. Its approach to flexible commercial models and robust, local delivery make it well aligned with EQTEC's strategy of commercially attractive business models for local-to-local value delivery. In addition to being a strong delivery partner, Petrofac's multinational reach makes it a strong, prospective go-to-market partner.

Chief Executive's report

we needed to exit agreements that encumbered us with unduly large capital liabilities and accelerated engagement of our growing ecosystem of world-class partners to ensure we could impress investors with quality delivery.

To ensure business continuity in the face of the economic downturn and tighter capital markets, we agreed two loan facilities, one as a convertible loan facility with our largest shareholder, Altair Group Investment Limited. We also raised £3.75 million (before expenses) through the placing of new ordinary shares, with the majority of our Board of Directors participating individually.

Russia's manipulation of baseload supply highlighted the need for alternative solutions for energy security. While this created the potential to accelerate our impact and demonstrate how our technology can meet this need from an almost limitless supply of local waste, it was simultaneously undercut by the lack of capital available to us to pursue the opportunity in earnest.

We remain on the edge of accelerated growth, needing to make clear EQTEC's potential for a range of customers and investors in the post-transition energy market. Once our MDCs are fully operational and our partners are ready to replicate success continuously, we believe our market visibility and sustainable growth as a technology company are inevitable.

FUNDING STRATEGIC GROWTH

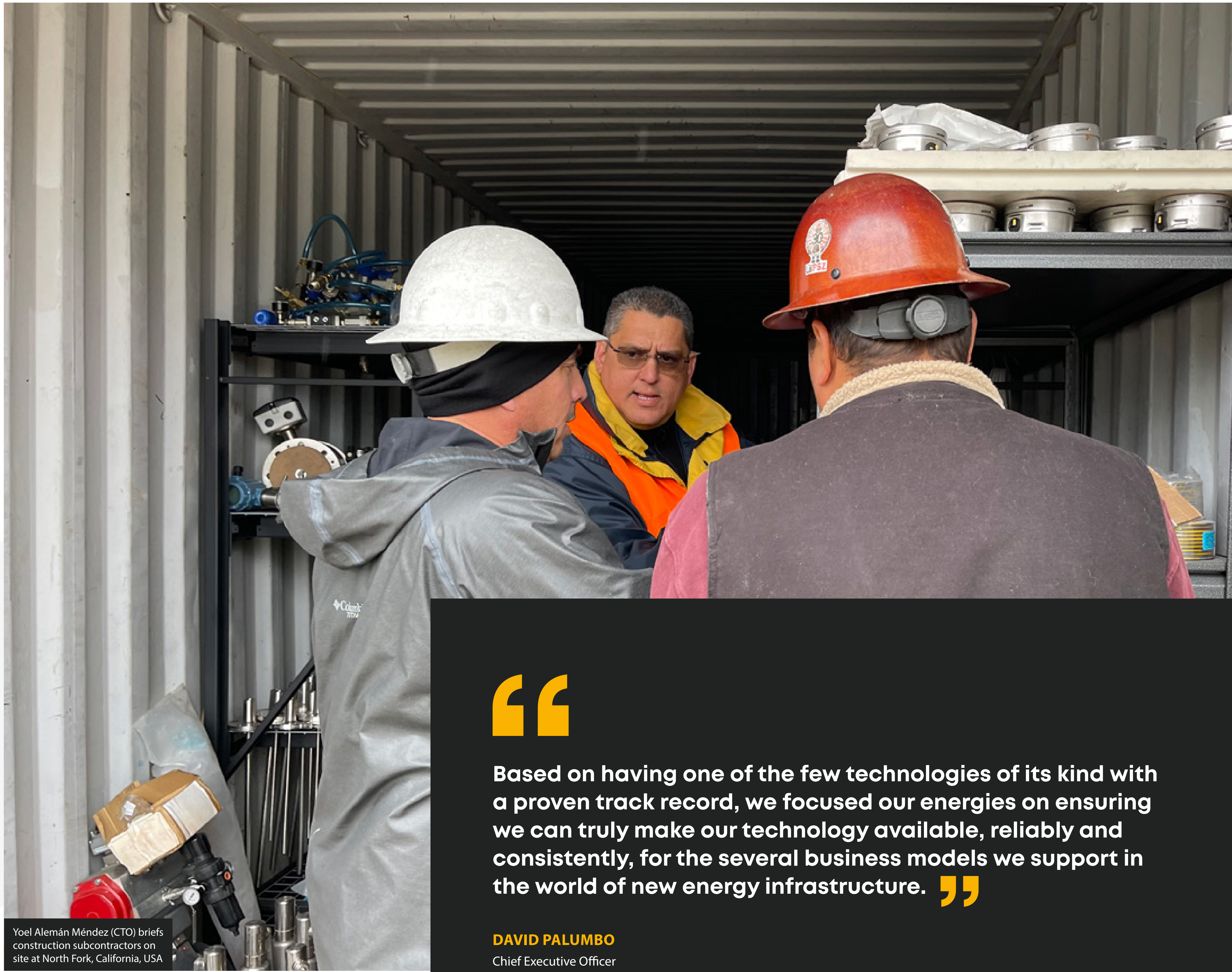
As we accelerate our business strategy toward technology licensing, we are witnessing a significant increase in the size and stature of the clients and partners approaching us for our advanced syngas technology. Recognition of our capabilities is growing, particularly with investors in RNG and biofuels applications, where larger projects typically attract consortiums of strategic investors. Leveraging EQTEC's growing profile as a leading technology for these advanced applications will be critical for securing access to capital for this new energy infrastructure. To position the Company to address these opportunities, we have engaged a top-tier investment bank for a strategic project focused on evaluating financing options for the Company through individual projects, portfolios of projects or at Group level.

OUTLOOK

2022 was a challenging year in a rapidly changing market, but for EQTEC it was also the start of a significant pivot from small-scale projects with local developers and partners to larger-scale projects with the world's best developers, technology partners and delivery partners. The tighter capital markets accelerated our strategic focus and forced choices that will facilitate completion of the pivot toward technology licensing.

The pivot continues in 2023 and will carry on until the momentum of growth takes over. Not only will our ecosystem of partners provide essential capability across the value chain of developing, building and running plants with EQTEC technology, but they will also take EQTEC technology to market with us. The partners we have built are already bringing us projects and prospective clients. They are spreading the word and attaching their respected brands to it.

As the Company pivots away from legacy projects and sheds the burden of the liabilities they carry, and as we apply our business strategy to make the right choices about the projects ahead in France, in Italy, in the UK, in the USA and beyond, we will gain momentum toward our objective of becoming a leading, global technology licensor and innovator of new energy infrastructure.



Yoel Alemán Méndez (CTO) briefs construction subcontractors on site at North Fork, California, USA

> **Based on having one of the few technologies of its kind with a proven track record, we focused our energies on ensuring we can truly make our technology available, reliably and consistently, for the several business models we support in the world of new energy infrastructure.**

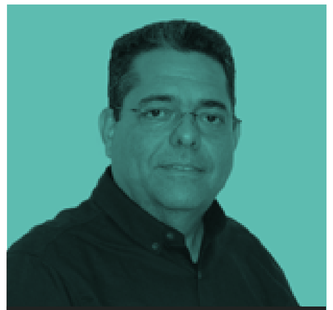
DAVID PALUMBO
Chief Executive Officer

DR. YOEL ALEMÁN MÉNDEZ
Chief Technical Officer (Innovation and Engineering)

DR ESTHER LORENTE ROYO
Senior Process Engineer

MARCOS GARCÍA BARTOLOMÉ
Automation Control Engineer

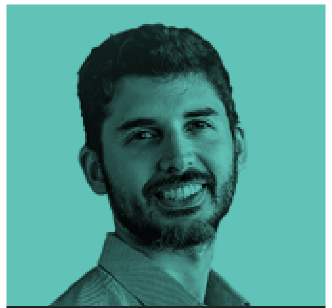
ARIEL ENTENZA MEDINA
Electrical Engineer



ERNESTO BRAVO CAMPOS
Mechanical Engineer

ALEX MARTIN
Electrical Engineer

DENISA RODRIGUEZ ROYO
Project Manager



FACUNDO SEBASTIAN MOLINA
Project Manager

50
project engineers through engineering partner CT3

14
engineering professionals, led by 4 PhDs in gasification

LIZ DE ABREU DEVIA
Process Engineer

DR CÉSAR BERRUECO MORENO
Chief Process Engineer

CRISTINA CÁMARA
Office Manager

MARIA BELEN ESPIÑEIRA
Process Engineer

OSCAR VELASCO HERNAN
O&M Manager

DR JAVIER RECARI
Process Engineer

ANDREA RODRIGUEZ ZAMBRANO
Calculation & Design Technician

Innovation and engineering

EQTEC technical centre (Barcelona)

The quality and versatility of EQTEC syngas is made possible by the team's understanding of and experience with the end-to-end process of thermochemical conversion.

The source of EQTEC's differentiation as a technology company is its rich, holistic understanding of the numerous variables at play, from waste feedstock treatment through input into the gasification reactor, through to syngas production, cleaning and refinement. Not only does EQTEC stand alone in its ability to model with precision the complex reactions that occur inside the reactor, but it programs in house its own, proprietary control systems to maximise the efficiency of reactions through the entire process from feedstock input to pure syngas output.

Based in Barcelona, Spain, EQTEC's Technical Centre is led by CTO and inventor of the technology, Dr Yoel Alemán Méndez, who has over 20 years of experience in waste gasification and is the author of the Company's several patents. Prior to joining EQTEC, Dr Alemán Méndez was renowned for reviving failed gasification plants. Since joining EQTEC, he has designed, built, commissioned, and operated gasification facilities at both pilot and commercial scale.

Dr Alemán Méndez is supported by three PhDs in Chemical Engineering, two of whom also have long careers specialising in gasification.

INNOVATION

EQTEC drives the front-edge of syngas innovation through well-planned and intensive trials with R&D facilities at the Université de Lorraine (France) and Universidad de Extremadura (Spain), and with an emerging list of private sector partners able to apply EQTEC's world-leading syngas to a range of applications.

EQTEC also offers testing capability to customers, for specific feedstock and offtake requirements. During 2022, EQTEC successfully proved the conversion of contaminated plastics to syngas and steam-oxygen gasification, for production of hydrogen, RNG and other biofuels.

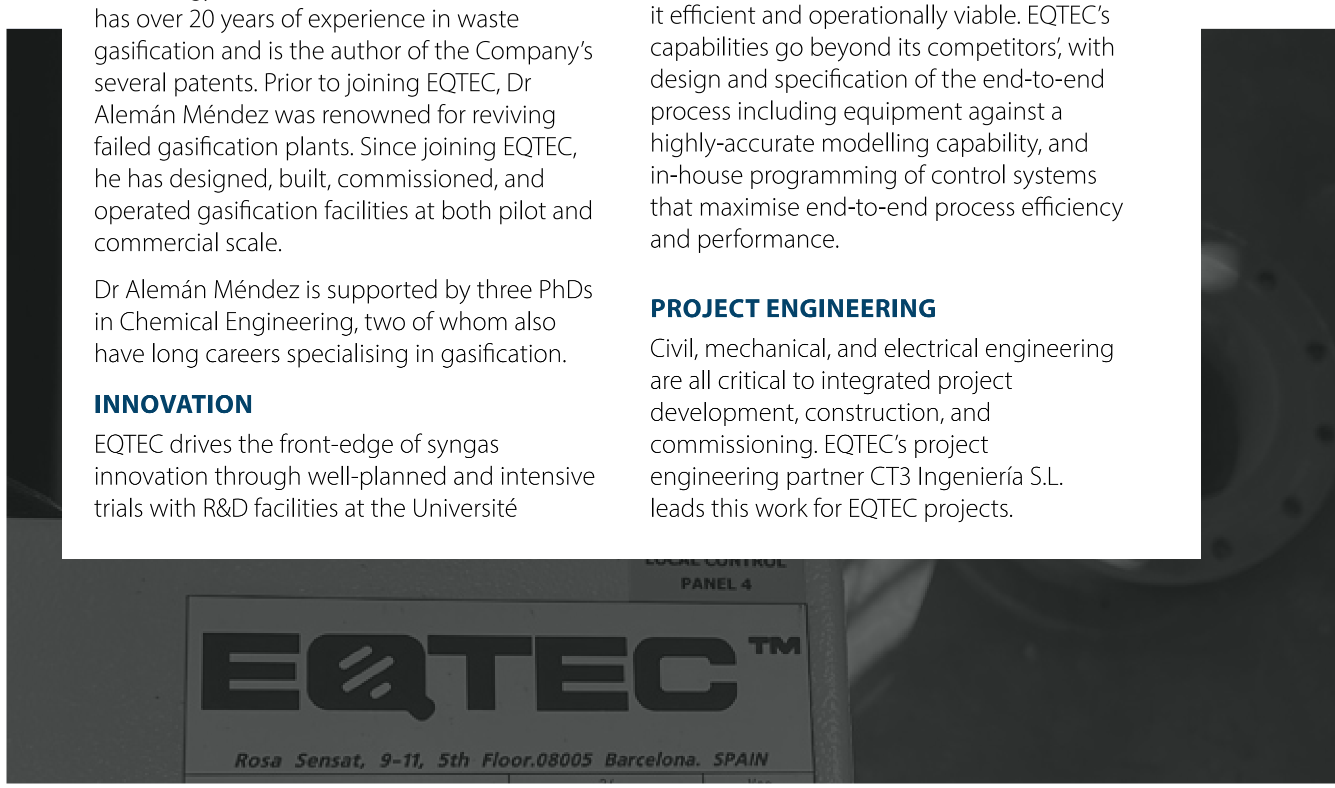
EQTEC's annual R&D programme supports development of greater process efficiency, feedstock diversity and application versatility. More R&D facilities are planned.

PROCESS ENGINEERING

EQTEC's core capability is the design and modelling of the end-to-end gasification process, based on decades of research and development with the variables that make it efficient and operationally viable. EQTEC's capabilities go beyond its competitors', with design and specification of the end-to-end process including equipment against a highly-accurate modelling capability, and in-house programming of control systems that maximise end-to-end process efficiency and performance.

PROJECT ENGINEERING

Civil, mechanical, and electrical engineering are all critical to integrated project development, construction, and commissioning. EQTEC's project engineering partner CT3 Ingeniería S.L. leads this work for EQTEC projects.



Group management and business development

EQTEC corporate centre (Cork, London)

The Group is directed and supported from Cork and London, from where streamlined corporate functions drive standards for excellence in line with EQTEC's business strategy.

The Company's corporate centre provides direction and support through three functions: Finance & Compliance, led by CFO Nauman Babar; Strategy & Operations, led by COO Jeffrey Vander Linden and Commercial & Investment, led by CEO David Palumbo. These functions define and apply Group-wide standards aligned to the business strategy in order to ensure consistency, quality and clear communication across all Group entities.

The Company endeavours to maintain a small and nimble corporate team sufficient to steer and support the Group globally, with execution supported by outsourced service providers for specific functions. The Company employs a small permanent staff across all three corporate functions, with outsourced service providers for finance and accounting, compliance, legal counsel and corporate communications.

EQTEC go-to-markets (San Francisco, Dublin, London, Paris, Zagreb, Thessaloniki, others tbc)

The Company takes its technology to market through wholly owned subsidiaries, joint ventures or partners that will evolve into licensing channels as EQTEC grows.

Go-to-market entities (GTMs) are revenue and profit centres for the Company, focused on incubation of demand with Tier 1 and Tier 2 clients, including Industrial, Utility, Municipalities and Infrastructure Investors. GTMs are the internal clients for EQTEC technology and position our technology solutions within overall commercial propositions that address local client requirements.

Our go-to-market teams and partners bring project development capabilities, relationships with funding sources and local relationships with public- and private-sector entities essential to positioning EQTEC's solutions in relevant projects. In the long run, EQTEC sees these routes to market as licensing channels that will give EQTEC broad access to as many project opportunities in as many locations and with as many clients as possible.

NAUMAN BABAR
Chief Financial Officer (Finance and Compliance)

7
GTMs
(go-to-markets)

JIMMY MCGLINCHEY
Group Financial Accountant

DAVID PALUMBO
Chief Executive Officer (Commercial and Investment)

SEAN RUANE
Business Development Manager

DAVID LE SAINT
Market Lead, France

ROBERT GANIM
Strategic Advisor, USA

ELENI BAIRAMI
Managing Director, Synergy Project Ltd

28
professionals across the Company

AARTI MANGLA
Head of Operational Performance

HAMZA QAYUM
Head of FP&A

LISA SYLVESTER
Executive Assistant

QASIM ALI
Project Accountant

LAURA LUCAS
Head of Strategic Growth

JEFFREY VANDER LINDEN
Chief Operating Officer (Strategy and Operations)

MARKO SLUNJSKI
Managing Director,
Synergy Projects d.o.o.

RICHARD FERRIDAY
Director, Investment & Ventures

Corporate governance statement

The Board of Directors is committed to the highest standards of corporate governance and considers the Quoted Companies Alliance's Corporate Governance Code (the QCA Code) to be the most appropriate framework to enable it. As such, the Board has adopted and integrated the QCA Code and its tenets, as outlined below. Where the Board feels that the Company's smaller size and limited resources require pragmatic application of QCA principles, such explanation is provided.

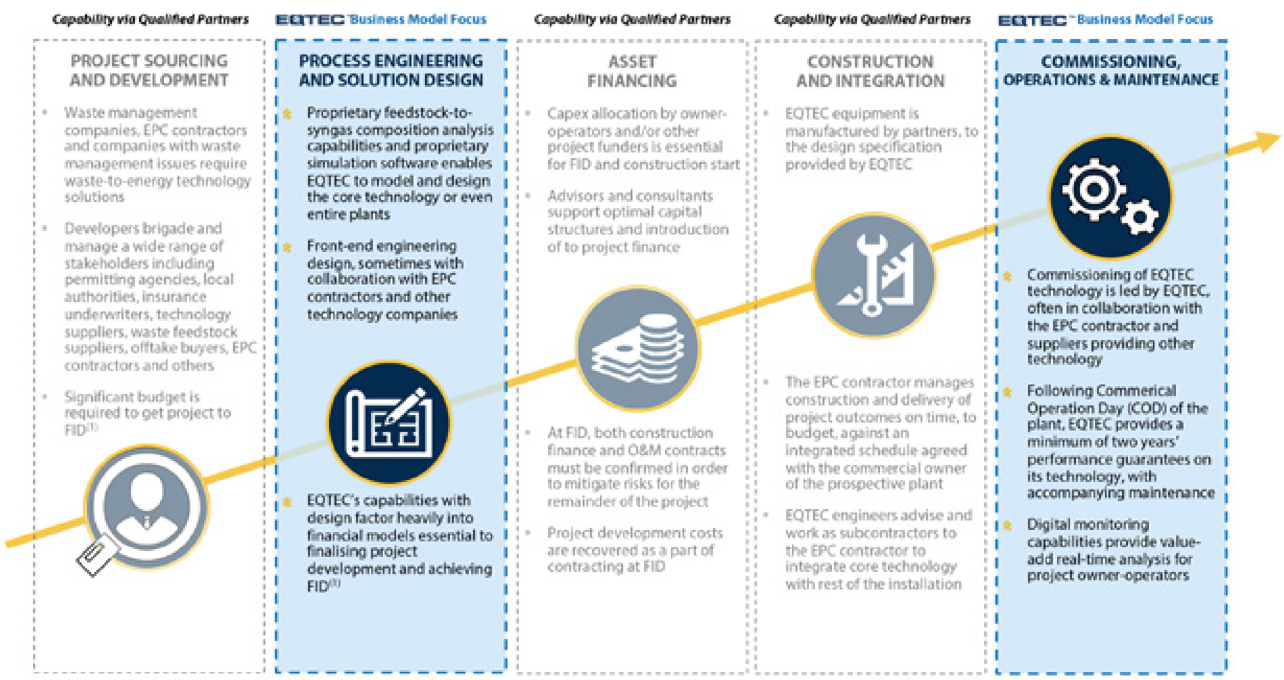
Company Chairman Ian Pearson, in his capacity as an independent director, has ultimate responsibility for ensuring that the Board and the Group apply appropriate corporate governance standards aligned to the principles stipulated in the QCA Code.

STRATEGY AND BUSINESS MODEL

The Company's strategic intent is to become the leading technology innovator and licensing partner to owner-operators for syngas technology and production of renewable, clean baseload energy and biofuels. The Company's business strategy aims to develop that market, position EQTEC as a leader within it and scale the business through targeted development of capability and capacity, enabled by digital tools and techniques. Critical to the Company's success with this strategy is growth of a qualified and well-integrated set of partners, who would deliver an increasing number of activities essential to integration of EQTEC technologies into the world's energy and biofuels plants of the future.

The Company currently generates income through three revenue streams: development services, technology sales & services and other revenues. Development services include activities essential to achievement of Financial Close (FID: Final Investment Decision), from land acquisition, planning & permitting and engineering & design to Engineering, Procurement & Construction (EPC) selection, funding and legal execution of contracts. Technology sales & services include specification, manufacture and delivery on site of EQTEC-designed equipment and essential ancillary equipment, on-site construction advisory and further engineering as required, technology integration support with non-EQTEC technology and commissioning of the EQTEC-enabled plant.

EQTEC focuses on its strengths in the value chain, adding world-class partners with complementary capabilities.



Front entry to Italia MDC with day hopper, elevator and feedstock conveyors system, Tuscany, Italy

> **"Because EQTEC's solutions support autonomous plants of small, medium or large scale, we also support localised power or biofuel production in remote locations, thus supporting energy security and independence."**

Other revenues include plant operations from part-owned or wholly-owned Market Development Centres (MDCs), from consultancy or from provision of other non-core services.

The Company intends for its revenue streams to evolve in future. Development fees will decline as more competent development partners take over all but the core technology and engineering work toward FID/Financial Close. Technology sales and related services will be unbundled and shared with partners who become increasingly qualified to support integration of EQTEC technology. Most importantly, the Company intends to dramatically increase its revenues from live plants running its technology, earning revenues from licensing, maintenance and other value-added services.

The Company currently develops business in the USA, UK and the EU (including France, Italy, Croatia, Greece and Ireland) and will target new geographies as substantial pipelines of qualified opportunities in those markets present themselves.

The Company is focused on maximising shareholder value in the near term through greater recognition and increased valuation by the market, as measured by the share price. To achieve this, the Company is driving an increase in the number of operational plants running EQTEC technology, after which it will also increase the variety (in terms of feedstock inputs and offtake applications) of EQTEC solutions deployed in those plants. In addition to biomass conversion to combined heat and power (CHP), EQTEC is currently pursuing projects with feedstock from municipal waste (in the form of refuse derived fuel, or RDF), from industry waste (such as contaminated plastics) and from a range of agricultural and forestry waste. EQTEC is also currently pursuing projects that would apply EQTEC's waste-to-syngas capabilities to production of hydrogen, sustainable aviation fuel (SAF), renewable natural gas (RNG) and other biofuels.

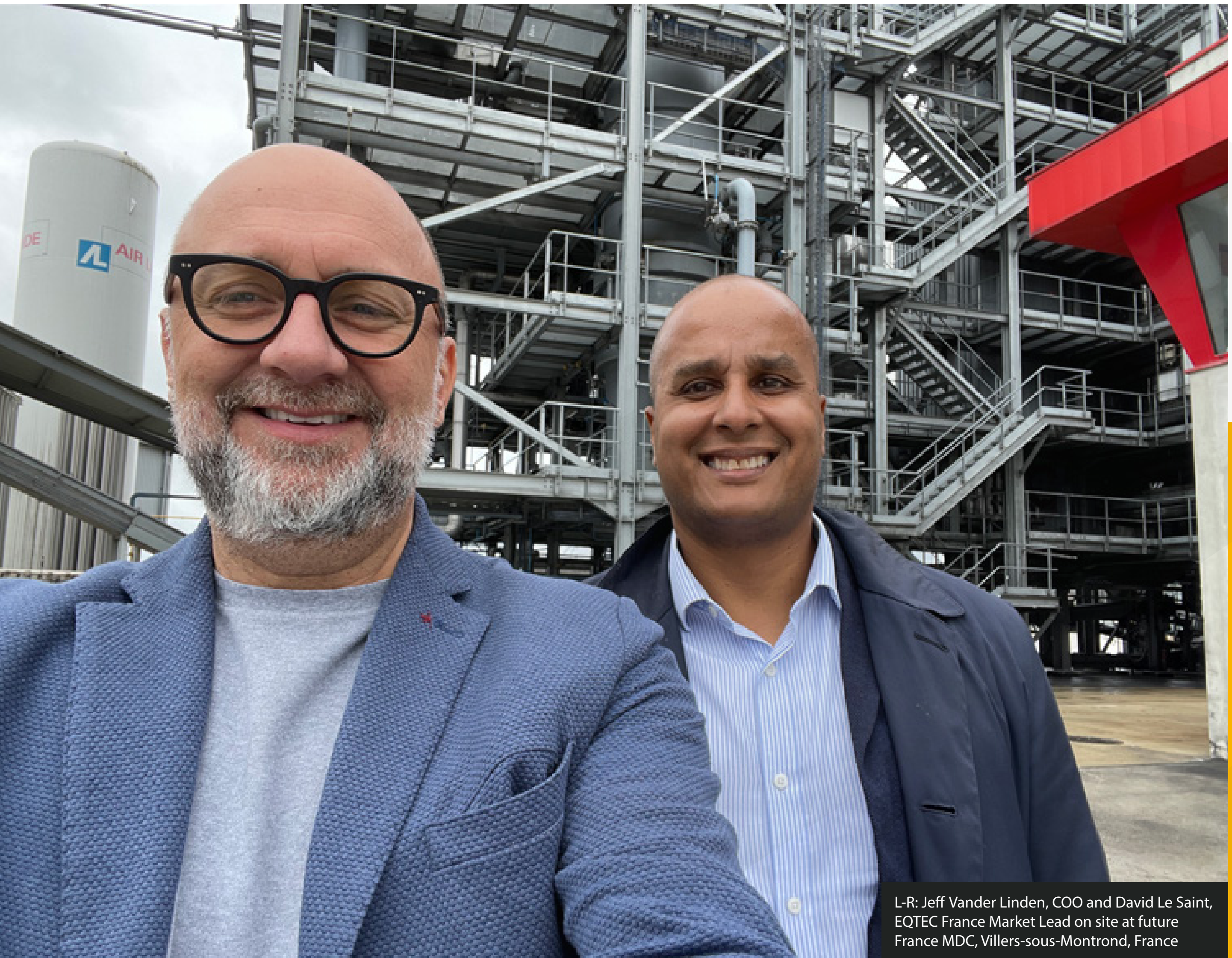
EQTEC plc is quoted on the AIM market of the London Stock Exchange (LSE), bears the Green Economy Mark awarded by the LSE, and trades as AIM:EQT.

STAKEHOLDER RESPONSIBILITIES

EQTEC's technology and services have a positive impact on societies, economies and the environment. We strive to deliver sustainable, local outcomes for businesses and communities through our technology, and to always deliver to the highest environmental, regulatory and business standards and practices. Through transforming non-recyclable wastes into clean syngas for application to baseload energy and biofuels, we reduce the need for less environmentally friendly methods such as incineration and landfill. As a result, EQTEC solutions will contribute substantially to lower greenhouse gas (GHG) emissions and thus to meeting local and global net zero targets. Because EQTEC's solutions support autonomous plants of small, medium or large scale, we are able to support energy production in remote locations, thus supporting the UK's levelling-up agenda and similar agendas for energy security and independence.

The Board recognises that the ongoing and long-term success of the Group is significantly influenced by the efforts and commitment of the Group's employees, strategic partners (including but not limited to those with expertise in funding, technology, operational delivery and go-to-market), contractors and suppliers and the Group's relationships with these and other stakeholders including customers, investors, industry associations, political and media organisations, analysts, communities, the wider public and the regulators. The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships.

The Group follows an established performance management framework. This ensures that every employee's performance objectives are aligned with those of the Group. There is an open and confidential dialogue with each person in the Group with successful two-way communication of goals, targets and aspirations. The feedback process helps ensure that the Group can respond to new issues and opportunities that arise to further the success of employees and the Group. The Board ensures that all key relationships with partners, contractors and suppliers are the responsibility of, or are closely supervised by, one of the directors.



L-R: Jeff Vander Linden, COO and David Le Saint, EQTEC France Market Lead on site at future France MDC, Villers-sous-Montrond, France

CODE OF CONDUCT

The Group maintains and applies its own Code of Conduct. In alignment with the various legal and regulatory frameworks governing companies in the jurisdictions where the Company operates, EQTEC recognises its ethical and social responsibilities regarding how it conducts business in any and all markets. The EQTEC Code of Conduct is a summary of EQTEC's expectations for all Group-related business conduct, which it requires of its Group directors (executive and non-executive), its permanent employees, its contractors and consultants, its joint venture directors & employees and its partner organisations.

The Code of Conduct represents EQTEC's summary of its minimum expectations for how its people and partners conduct any EQTEC-related business in any situation, in any part of the world. These expectations are non-negotiable and must be addressed by all EQTEC people and partners. The code covers six areas of business conduct: (1) health, safety and environment; (2) discrimination and harassment; (3) safeguarding and company assets; (4) conflicts of interest; (5) anti-bribery and corruption; and (6) competition and trade control.

ENGAGING AND COMMUNICATING WITH SHAREHOLDERS

The Board is committed to constructive, two-way communication with its shareholders. Given the Company's relatively small size and limited capacity to deploy staff for communication activities, EQTEC has centralised its investor relations (IR), public relations (PR) and other corporate communications activities under a single agency. In addition, the Company occasionally employs designers or other specialists to support communications campaigns, social media posting or other events, with those specialists also managed under the Company's corporate communications agency.

In line with the AIM Rules for Companies, EQTEC publishes the most relevant news for shareholders through the Regulatory News Services (RNS) of the London Stock Exchange. It does this in consultation with its Nominated Advisor, its corporate communications agency and other advisors. Additionally, the Company posts regularly on social media and especially LinkedIn and Twitter. The Company occasionally receives other forms of communication from shareholders and does its best to respond to relevant communications of this sort in a timely manner.

In addition to communications directly from the Company, EQTEC employs a house broker that publishes its own analyses about the Company; EQTEC also employs a market analytics company that specialises in EQTEC's market sector and adjacent sectors; that company also produces regular briefs about EQTEC's performance a nd news. Finally, there are a number of other analytics companies, brokerage houses and trade newspapers that publish news and updates about EQTEC. Many of these are arranged by EQTEC's corporate communications agency.

From time to time, the leadership of the Company joins video interview sessions hosted by the Proactive news service. The interviews are posted on the internet for access by shareholders and other interested stakeholders. These typically focus on recent Company news but offer deeper insights from EQTEC leadership into the decisions of the business and how these align to execution of the Company's strategy.

The Company exercises its market 'listening' capabilities through the corporate communications agency's reports, which weekly review dozens of publications, social media posts and other online sources for the Company to review and address through its communications. The Company also has its own interactions with shareholders and stakeholders directly and through social media.

"EQTEC solutions will contribute substantially to lower greenhouse gas (GHG) emissions and thus to meeting local and global net zero targets."

All shareholders are invited to attend the Company's Annual General Meeting (AGM) where they have the opportunity to pose questions directly to the directors of the Company. Investors also have access to current information on the Company though its website, www.eqtec.com.

MANAGING AND MITIGATING RISK

Identification, management and mitigation of risk is critical to the Company's achievement of its strategic objectives. Corporate risk management controls have been integrated by the Board to support its assessment of EQTEC's exposure to risk and to drive active mitigation, focused first on high probability/high impact risks. In addition, the Group has defined and implemented a variety of policies across the Group to proactively mitigate any risks associated with bribery, share dealing and insider trading legislation.

Given the current size of the organisation and close, day-to-day control exercised by the executive directors, the Board takes the view that a dedicated Internal

Audit function is not essential at this stage. However, the Board will continue to monitor the need for a dedicated function and take steps should it be necessary to do so.

The principal risks to the achievement of our strategic business objectives are outlined below, together with their potential impacts and with mitigation measures in place. The Board believes these risks to be currently the most significant for our strategy, our financial and operational performance and ultimately, our reputation. The Board reviews and updates its risk register on a regular basis as part of its commitment to effective risk management.

Executive and non-executive directors are subject to re-election intervals as prescribed in the Company's Articles of Association. At each Annual General Meeting one-third of the Directors who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election.

Executive Directors are employed under service contracts requiring three to six months' notice by either party. The Non-Executive Directors including the Chairman receive payments under appointment letters that may be terminated with three months' notice by either party. The Board encourages the ownership of shares in the Company by Executive and Non-Executive Directors and in normal circumstances does not expect Directors to undertake dealings of a short-term nature. The Board considers ownership of Company shares by Non-Executive Directors as a positive alignment of their interest with shareholders. The Board will periodically review the shareholdings of the independent Non-Executive Directors and will seek guidance from its advisors if, at any time, it is concerned that the shareholding of any independent Non-Executive Director may, or could appear to, conflict with their duties as an independent Non-Executive Director of the Company. Directors' emoluments, including Directors' interest in share options over the Group's share capital, are set out in Note 34 below. The Board meets at least eight times a year. It has established an Audit Committee and a Remuneration Committee.

The Board has agreed that appointments to the Board are made by the Board as a whole and so has decided a separate Nominations Committee is unnecessary at this time.

Key areas for on-going risk management

KEY AREAS	MITIGATION
Winning and delivering contracts	
Central to achieving our strategy is winning and successfully delivering our contract portfolio. Our continuing financial health relies on our ability to successfully tender, mobilise, operate, and manage such contracts. Winning new and retaining existing contracts continues to be critical for the future success of our business.	Our tender, mobilisation and contract management processes operate under strict delegated authorities and are subject to rigorous executive management oversight and approval. These contracts are supported by teams of experienced tender, mobilisation and operational delivery specialists to mitigate the risk of failure at any stage. Ongoing contract assurance occurs together with regular dialogue to ensure service delivery is consistent with customer expectations.
Reputational risk	
Maintaining a strong reputation is vital to our success as a business. Significant impact to our reputation could be caused by an incident involving major harm to one of our people or clients/partners, inadequate financial control processes, or failure to comply with regulatory requirements. Impacts of this type would potentially result in financial penalties, losses of key contracts, an inability to win new business and challenges in retaining key staff and recruiting new staff.	Strong corporate governance and dedicated senior leadership team remain the key elements of effective reputational management. The senior leadership team provides a model of best practice and guidance to ensure our values and expected behaviours are clear and understood by everyone. As our business continues to grow and develop we will remain strongly focused on protecting the strength of our reputation through effective governance and leadership, and through cultivating open and transparent relationships with all stakeholders.
Attracting and retaining skilled people	
Attracting and retaining the best skilled people at all levels of the business is critical. This is particularly the case in ensuring we have access to a diverse range of views and experience, and in attracting specific expertise at both managerial and operational levels where the market may be highly competitive. Failure to attract new talent, or to develop and retain our existing employees, could impact our ability to achieve our strategic growth objectives. As we continue to grow and diversify into new areas, this risk will continue to be a focus for the Board.	Our business model has created a pipeline of opportunities for staff at every level of the business. This will continue to be the case as the Group develops. Our focus on competency at all levels of the business continues to ensure that we develop our people and enable them to successfully manage the changing profile of our business. A robust performance management framework coupled with a balanced incentive programme allows the business to mitigate this risk ensures that key individuals are retained.

KEY AREAS	MITIGATION
System process or control failure	
We deliver highly sophisticated and specialised engineering and design services leading to products that incorporate or use leading-edge technology, including hardware and software. Many of our products and services involve complex energy infrastructure projects and accordingly the impact of a catastrophic product failure or similar event could be significant. Any inability to deliver on time, to budget and to the right quality could result in financial loss or reputational damage.	We have built extensive operational processes to ensure that our product design, engineering, and other services meet the most rigorous quality standards. We have instituted project governance committees to ensure regular reporting, early risk identification and mitigation as well as monitoring of progress against project delivery plans. Our internal control procedures continue to be reviewed periodically and adapted whenever necessary to address any new challenges that the ever growing landscape has to offer.
Ability to grow the business and cash generation	
Our financial strength makes us an attractive partner to our customers and suppliers. Our ability to grow our business organically and by acquisition will be impacted if our financial performance deteriorates, limiting our ability to access diverse sources of funding on competitive terms. This may cause an increase in the cost of borrowing or cash flow issues which could, in turn, further affect our financial performance. As a people business, our staff costs remain our most significant area of expenditure. Our ability to pay our people and suppliers regularly and at specific times relies not only on funding being available but also upon effective cash conversion.	We have developed and continue to enhance financial control procedures to oversee and monitor financial performance and cash conversion. These include daily monitoring of bank balances, weekly cash flow reporting, and regular financial performance and balance sheet reviews, which include detailed working capital reviews and forecasts. We believe we have strong banking, debt finance and equity relationships, and appropriate levels of gearing for our business. Furthermore, business growth and financial performance are monitored through monthly performance analysis around revenue and costs and mitigating actions are taken accordingly.
Reliance on material counterparties	
We depend on several significant counterparties such as EPC contractors, insurers, banks, clients, and suppliers to maintain our business activities. The failure of a key business partner, supplier, subcontractor, financer or other provider could materially affect the operational and financial effectiveness of our business and our ability to trade. Ensuring ongoing relationships with our material counterparties will underpin the Group's ability to meet its strategic objectives.	We have developed, through strategic partnerships, relationships with a number of EPC contractors and also a pool of suppliers and providers to ensure limited dependency on any one provider, in turn limiting the impact of any potential failure. The Board reviews and monitors material counterparty risk and ensures that concentration levels are kept to a minimum.
Political and regulatory risk	
Our technology can be deployed in a wide number of international markets and as such we are exposed to different political and regulatory regimes with different risk profiles.	We monitor and evaluate political and regulatory risk at board level. Decisions on the balance of our project pipeline are taken to ensure we are not over-reliant on one particular market over time. We also hire local expertise, either as full-time employees or as contractors, in the jurisdictions that we operate in to better understand and manage these risks.
Project funding risk	
Our ability to win new contracts is inextricably linked with projects, deploying EQTEC's technology, having access to the necessary funding for achieving financial close.	The potential credit risk on plants, that EQTEC provides the technology for, is mitigated through a well-documented technical due diligence process which amongst other things includes the availability of credit rated insurance guarantees and feedstock simulation achieved through EQTEC's propriety software and test trials at its R&D facilities.

> **"The Company's strategic intent is to become the leading technology innovator and licensing partner to owner-operators for syngas technology."**


EQTEC engineers on site in Greece

> **The EQTEC Code of Conduct is a summary of EQTEC's expectations for all Group-related business conduct, which it requires of its Group directors (executive and non-executive), its permanent employees, its contractors and consultants, its joint venture directors & employees and its partner organisations.**

GOVERNANCE STRUCTURES AND PROCESSES

Authority for all aspects of the Group's activities rests with the Board. The respective responsibilities of the Chairman and Chief Executive Officer arise as a consequence of delegation by the Board. The Board has adopted two statements; the first sets out matters reserved for the Board and the second establishes the policy on delegation of authority. The Chairman is responsible for the effectiveness of the Board, while management of the Group's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

NON-EXECUTIVE DIRECTORS

The Board has adopted guidelines for the appointment of non-executive directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chairman and non-executive directors insofar as both the Chairman and non-executive directors will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms. The Chairman may serve as a non-executive director before commencing a first term as Chairman.

Partner spotlight

Partner: Developer / Owner-operator | **Market:** France

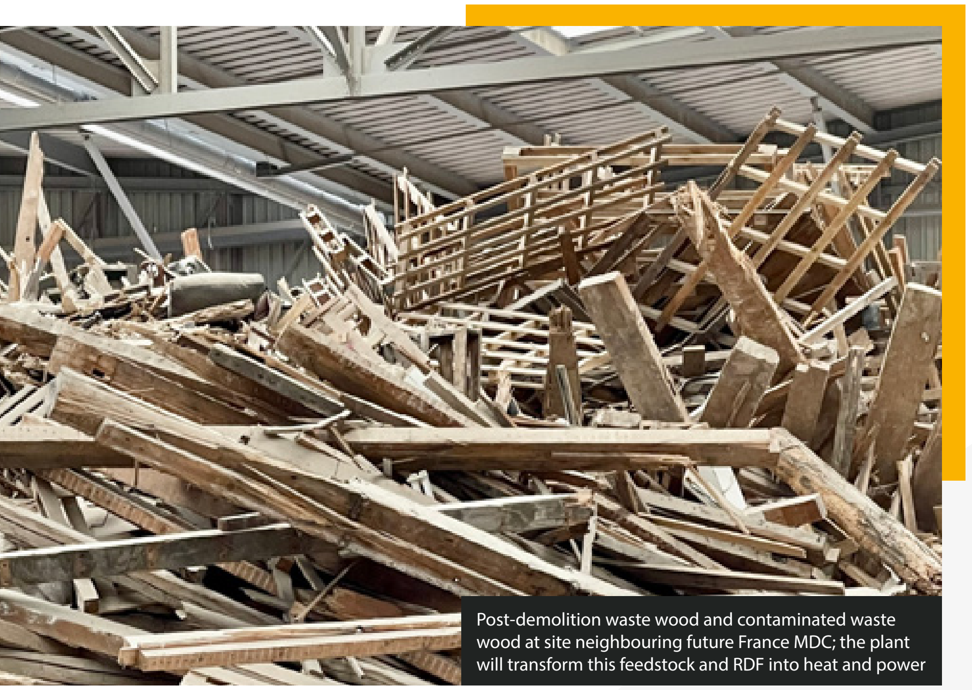
Idex is a full-service owner-operator and energy provider that develops, designs, finances, builds and operates local energy and carbon-free infrastructures, which provide renewable heat and local electricity supply to buildings, cities & industry.

Founded in France in 1963, now with 5,700 employees and a turnover of €2 billion in 2022, Idex is the only vertically integrated market operator delivering the complete value chain for local energy provision. The Group is involved in the production of thermal or electrical energy from local and low-carbon energy resources (geothermal, solar, biomass, waste), the distribution of this energy through district heating and cooling networks, to its final use in industrial, residential and tertiary buildings and other applications.

EQTEC and Idex were acquainted in 2020, when they together explored some of the largest and most complex of the projects in EQTEC's portfolio. In the same year that the French government made explicit its intent to move baseload power completely away from coal-based generation, EQTEC and Idex explored opportunities for joint work on biomass and non-recyclable waste conversion into a range of solutions for sustainable, combined heat and power (CHP), renewable natural gas (RNG) and other offtake applications.

In 2022, the two partners collaborated on a competitive tender and panel interview process that resulted in their being awarded a project by the Limoges Métropole in Nouvelle-Aquitaine, France. The project, to be developed by Idex with engineering and technology from EQTEC, is expected to result in a plant able to convert up to 45,000 tonnes per year of mixed waste, including contaminated wood waste, into up to nine million Nm3 per year of RNG.

Idex's long history of developing and operating energy infrastructure, combined with its dedication to energy transition make it a strong partner for EQTEC, especially in France. EQTEC looks forward to a productive relationship that helps grow EQTEC's exposure to new opportunities in a progressive market for new technologies.



Post-demolition waste wood and contaminated waste wood at site neighbouring future France MDC; the plant will transform this feedstock and RDF into heat and power

In accordance with the Companies Act 2014 of Ireland, the Board complies with the following duties:

- to act in good faith in what the director considers to be the interests of the Company;
- to act honestly and responsibly in relation to the conduct of the affairs of the Company;
- to act in accordance with the Company's constitution and exercise powers only for the purposes allowed by law;
- not to use the Company's property, information or opportunities for the Director's own or anyone else's benefit;
- not to agree to a restriction of the exercise of independent judgement.

Partner spotlight

Partner: Technology, EPC, O&M | **Market:** UK and global

Anaergia
Fueling a Sustainable World

Alessandro Massone

Managing Director, Europe, Anaergia Inc.

Anaergia is an expert in waste separation, anaerobic digestion, and biogas upgrading technology.

The company uses waste to make renewable fuel, clean water, and organic fertiliser. Its proprietary technologies can handle every step in the waste-to-value process. The company operates in 17 markets across four continents and growing, with a remarkable 230 reference facilities.

The company's mission is to accelerate the world's clean energy transition by transforming waste into renewable fuel, clean water, and fertiliser. Its vision is to become the world's leading renewable fuel producer, while reducing global carbon emissions, protecting the environment, and sustaining life for generations to come.

Anaergia's proprietary technologies are complementary with EQTEC's own, proprietary and patented syngas technology. For example, with the proper sorting technology, raw municipal solid waste may be separated into pure, biogenic materials that can go into Anaergia's anaerobic digesters, leaving the plastics and other, non-recyclable waste for production of refused-derived fuel (RDF) and introduction into the EQTEC advanced gasification process. The outputs of this sort of integrated solution could support a wide range of applications, including biogas, renewable natural gas (RNG), hydrogen, other biofuels or combined heat and power (CHP).

EQTEC and Anaergia are collaborating on the Deeside and Southport projects in the UK and looking for other areas for collaboration in future. The focus of these UK projects has been on combined technologies, with Anaergia also announcing its intention in 2022 to be the EPC and the O&M provider for the anaerobic digestion deployment at Southport.

COMPANY SECRETARY

At present the CFO also acts as the Company Secretary.

AUDIT COMMITTEE

The Audit Committee comprises Tom Quigley (Chairman) and Ian Pearson. Meetings are also attended by the CFO as appropriate. It meets as required and specifically to review the Interim Report and Annual Report, and to consider the suitability and monitor the effectiveness of internal control processes. The Audit Committee also reviews the findings of the external auditor and reviews accounting policies and material accounting judgements. The Audit Committee normally meets at least two times in each financial year and has unrestricted access to the Group's external auditor.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Ian Pearson (Chairman) and Tom Quigley. The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee meets at least annually. In exercising this role, the Directors have regard to the recommendations put forward by the QCA Guidelines.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

2022	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE
Number of Meetings	**12**	**2**	**2**
Ian Pearson	12	2	2
David Palumbo	12	–	2
Nauman Babar	12	2	–
Yoel Alemán Méndez	12	–	–
Jeffrey Vander Linden	12	–	2
Thomas Quigley	12	2	2

The Company's external auditor attends the Audit Committee to present its findings on the audit and to provide a direct line of communication with the Directors.

IAN PEARSON
Chairman
05 May 2023

Board of Directors

The Board comprises four, full-time executive directors: CEO David Palumbo, CFO Nauman Babar, COO Jeffrey Vander Linden and CTO Dr. Yoel Alemán Méndez, and two independent, non-executive directors: Chairman Ian Pearson and Director Tom Quigley.

The biographies of all six, EQTEC directors are outlined below.

L-R: CTO Yoel Alemán Méndez and CEO David Palumbo on site in California

IAN PEARSON

Non-Executive Chairman

Ian is an experienced Board director, with leading roles in several companies including EQTEC, where he has been Non-Executive Chairman since 2017. He is a non-executive director at Thames Water Utilities Limited, the UK's largest water company. He is also Chairman of Quantum Exponential Group plc, a company focused on investing in quantum technology. Previously, Ian was a Senior Advisor to BAI Communications plc and Chairman of AIM-listed OVCT2, where he oversaw the company's investment in a variety of renewable energy companies. Ian was a member of the UK Advisory Board of Big Four accountancy PwC. Between 2001 to 2010, he was a Minister in the UK Government, holding roles as Government Whip, Minister in Northern Ireland, Minister for Trade, Minister for Climate Change and the Environment, Science and Innovation Minister and Economic Secretary to the Treasury. He was elected as a Member of Parliament in 1994. He graduated from Balliol College, Oxford and has both a master's degree and a doctorate in Industrial and Business Studies from the University of Warwick.

DAVID PALUMBO

Chief Executive Officer (CEO)

David is an experienced investor, business leader and entrepreneur with over 20 years' experience in private equity, venture capital and asset management. Since 2006, he has founded and co-founded several companies in a variety of industries including cleantech, digital technology and real estate. David joined EQTEC in 2018 as an investment and growth advisor and after restructuring the Company's financial platform, he was asked by lead investors in 2019 to take on the role of CEO. Since then, he has focused EQTEC's leadership team on establishing a growth platform through its R&D and engineering, its operations and scale capabilities and its financial management discipline. In addition to re-focusing EQTEC, David founded and remains the Managing Partner of Origen Capital LLP, a private investment firm representing family offices and private consortia in Europe, CIS and Latin America. He holds a BSc and a MSc in Electrical Engineering.

NAUMAN BABAR

Chief Financial Officer (CFO)

Nauman is a senior finance professional with nearly 20 years of international experience in corporate finance, audit and Finance transformation, with a track record in private equity-backed businesses and high-growth ventures. He has worked predominantly within the Energy & Utilities sector, with a focus on renewables and cleantech. Nauman started his career at international accountancy firm, PwC, and gained further experience at Accenture, EY and Mott Macdonald. Prior to EQTEC, Nauman was Finance Director at Woodlands Energy Services in Bahrain. Nauman is a Fellow of the Institute of Chartered Accountants in England & Wales and holds a bachelor's degree in finance from the University of Essex. He joined EQTEC in July 2021.

JEFFREY VANDER LINDEN

Chief Operating Officer (COO)

Jeff is a strategy and operations professional with 30 years' experience implementing complex change and growth strategies across private- and public-sector organisations, from small start-ups to the world's largest corporations. Prior to joining EQTEC in 2020, he led development and implementation of global operations and scale strategy at one of the world's largest consumer products companies. Before that, he spent 16 years designing and delivering business strategy, process and technology transformation as a business consultant and programme director at PwC, IBM and Capgemini. His dozens of clients include NTT, NEC, AT&T, Motorola, BAE Systems and National Grid. Jeff spent 10 years living and working in Japan, with projects across Korea, Taiwan, Hong Kong and Singapore. He has worked in the UK, Europe and India since 2001. He received a Bachelor of Arts in Social Studies (Economics, Politics, History, Philosophy) from Wesleyan University in Connecticut, USA.

DR YOEL ALEMÁN MÉNDEZ

Chief Technical Officer (CTO)

Yoel's mechanical and chemical engineering career includes more than 20 years' experience with gasification as his chosen specialism. He has designed, built and operated thermochemical conversion facilities of various sizes and capacities for a wide range of feedstocks, including commercial-scale plants to handle biomass and non-biomass feedstocks (including RDF). He is the author of all of EQTEC's patents and the lead inventor of its proprietary technologies. He joined the Company in 2010, to rescue a project that was struggling at the Mostos, Vinos y Alcoholes, S.A. (Movialsa) agro-industrial facility in southern Spain. That initial, highly successful project, completed in 2011, established the platform for EQTEC's proven technology capability. Dr Alemán Méndez has been an associated professor or researcher at three universities and earned a PhD in Chemical Engineering. Prior to his appointment to the EQTEC plc Board of Directors in 2019, he was Chief Technical Officer of EQTEC Iberia slu.

TOM QUIGLEY

Non-Executive Director

Tom is a business executive and investor, with a long career working at Board-level, as Managing Director, CFO or CIO. In addition to EQTEC, where he joined as a non-executive director in 2018, he is a non-executive director at Velocys plc, Hive Ethical UK Solar Limited and several other organisations. Prior to joining EQTEC, he was a director or managing director at Close Brothers Corporate Finance, ING Barings and Terra Firma Capital Partners. Tom has worked in real estate, financial services, healthcare and banking, and across a number of jurisdictions. He is a Chartered Accountant and started his career at Price Waterhouse in London, where he developed considerable financial and management experience.

Directors' report

The Directors present their annual report and the audited financial statements of the Company and its subsidiaries, collectively known as 'the Group' for the financial year ended 31 December 2022.

Yoel Alemán Méndez (CTO) on site at North Fork, California USA

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

EQTEC is a leading technology provider with proven, patented technology for clean production of synthesis gas (syngas), a fossil fuel alternative that will increasingly contribute to production of the world's baseload energies and biofuels. What's more, it transforms the world's waste (from Industrial, Municipal, Agricultural sources) into a sustainable fuel source for production of a diverse set of 'final fuels' including hydrogen, renewable natural gas (RNG), liquid biofuels, thermal energy, electrical power and chemicals such as ethanol or biomethane.

EQTEC designs, develops and supplies core technology to syngas production plants in the USA, UK and EU, with highly efficient equipment that is modular and scalable from 1MW to 30MW. EQTEC's versatile solutions convert nearly 60 varieties of feedstock, including forestry wood waste, vegetation and other agricultural waste from farms, industrial waste and sludge from factories and municipal waste, all with no hazardous or toxic emissions.

EQTEC's revenues come from: (1) project development services; (2) engineering services for design and specification of technology and for advisory work during plant assembly; and (3) sales of equipment manufactured in line with EQTEC's own patents and specifications. In general, EQTEC does not intend to own or operate its own technologies, the exceptions being its reference plants, known as Market Development Centres (MDCs), where it might retain some equity and retain an ongoing interest in operations and maintenance of the plants.

In future, EQTEC intends to re-focus its revenues on licensing of its technology to plant operators, providing value-added services including maintenance, upgrades and data-based services over the lifetime of each plant operating EQTEC's technology. In support, EQTEC would continue to provide design, engineering and specification services as well as training and advisory services to support operations teams. The Company does not anticipate continuing to provide project development or construction services that are better provided by expert partners in those fields.

The Company is quoted on AIM (ticker: EQT) and the London Stock Exchange has awarded EQTEC the Green Economy Mark, which recognises listed companies with 50% or more of revenues from environmental/green solutions.

RESULTS AND DIVIDENDS

The results for the financial year are set out on page 53. No dividends have been proposed by the Directors in the current financial year (2021: €Nil). It is the Directors' view that revenue growth and profitability are immediate priorities and that profits should be reinvested in further growth, creating shareholder value through appreciation of the share price.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk assessment and evaluation are essential parts of the Group's internal controls. Information about financial risk management objectives and policies of the Group, along with exposure of the Group to credit risk, liquidity risk and market risk, is disclosed in Note 5 to the financial statements.

The Group is exposed to a number of strategic and operational risks, outlined below. These risks and their mitigations are reviewed and updated regularly, to accommodate changes in the Group's market context as well as the Board's view on priorities and responses to the changing context.

Strategic risks

Strategic risks are identified alongside our future plans, within the global market environment in which we operate. Strategic risks consider our partnerships, intellectual property, demand for solutions and services, competitive threats and investments in technology and public policy.

Global market environment
Our operations and execution of our business plans and strategy are subject to the effects of global competition and geopolitical risk. They are also impacted by local economic conditions such as interest rates, inflation, recession, currency volatility, currency controls and actual or anticipated default on sovereign debt. Political changes and trends such as populism, economic nationalism and sentiment toward multinational companies and resulting changes to trade, tax or other laws and policies may be disruptive, and can interfere with our global operating model, our supply chain, our customers and all of our activities in a particular location. While some global economic and political risks can be hedged using derivatives or other financial instruments and some are insurable, such attempts to mitigate these risks are costly and not always successful.

Strategic partnerships
The strategic and operational success of the Group depends on our achieving a set of clearly defined objectives. Toward this, we select, enter into agreements with and work alongside a variety of partners, including but not limited to those with expertise in funding, technology, operational delivery and market access. In working with partners, we may sacrifice direct control over business outcomes, thus taking on additional operational, financial, legal or compliance risks.

Intellectual property risks
EQTEC owns a number of patents and reserves its rights with regard to these and other proprietary technology including its Kinetic process modelling capabilities and its process control systems. We continually review both the scope and geographic applicability of our intellectual property (IP).

Although the Group makes reasonable endeavours to protect its IP, our patents and rights over our own proprietary capabilities do not necessarily prevent competitors from independently developing or selling products and services similar to or duplicative of ours, and there can be no assurance that the resources invested by us to protect our IP will be sufficient to address these matters. The Directors believe that the strongest protection of the Company's IP is in building its brand as a reliable and consistent provider of uniquely innovative technology, deploying that technology into as many plants in as many places as possible.

If we are unable to protect our IP, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected. In addition to the IP and patents relating to our technology process, we possess a wide-ranging level and breadth of proprietary know-how that drives our proven operational capabilities and excellence.

Operational risks
Operational risks arise from people, processes, systems or external factors that could adversely impact the otherwise smooth, efficient and agile operation of our businesses. Such risks include innovation, R&D, project development, project delivery, plant operations and maintenance, quality management, information management & data security, marketing & communications and/or people management.

We innovate, deploy and integrate highly sophisticated solutions and provide specialised services based on leading-edge technologies, including know-how, hardware and software. Many of our solutions involve complex industrial machinery and plant infrastructure such that the impact of a product failure or similar event could be catastrophic. While we apply quality assurance, inspection and operations & maintenance processes to ensure that our solutions operate as designed, there can be no perfect assurance that the Group, our customers or other third parties will not experience operational process failures or other problems that could result in product, safety, regulatory or environmental risks. Even where crisis management or business continuity plans exist, operational failures or quality issues resulting from organisational changes, attrition or labour relations could have a material, adverse effect on our business, reputation and/or financial position.

In specific instances, the Group invests capital in developing go-to-market entities (such as wholly-owned subsidiaries, majority-owned joint ventures or associate undertakings) toward growing and pursuing pipelines of projects. The Group's business model relies on funding of projects by third parties, the timing of which is subject to a range of uncertainties often not in the Group's control. The timing of funds generated from projects can be difficult to predict and could adversely affect the Group's results.

Nauman Babar, EQTEC Chief Financial Officer and Company Secretary

Supply chain
Significant raw material shortages, supplier capacity constraints, supplier production disruptions, supplier quality and sourcing issues or price increases could increase our operating costs and adversely impact the competitive positions of our products. Our reliance on third-party suppliers, contract manufacturers and service providers, and commodity markets to secure raw materials, parts, components and sub-systems used in our products exposes us to volatility in the prices and availability of these materials, parts, components, systems and services.

Any disruption in deliveries from third-party suppliers, contract manufacturers or service providers, capacity constraints, production disruptions, price increases, or decreased availability of raw materials or commodities, including as a result of catastrophic events, could have an adverse effect on our ability to meet our commitments to customers and/or increase our operating costs. Quality, capability and sourcing issues experienced by third-party providers can also adversely affect our costs, margin rates and the quality and effectiveness of our products and services and result in liability and reputational harm.

Liquidity
The cash requirements of the Group are forecast by the Board annually in advance and reviewed monthly by management. The cash forecast includes assumptions with respect to working capital, development spend and the timing of planning consents and financial close of projects. Significant delays in these expected timings may lead to a requirement for additional cash and impinge on the Company's status as a going concern.

RESEARCH AND DEVELOPMENT

The Group is fully committed to ongoing technological innovation in all sectors of its business. Expenditure on research and development amounted to €12,170 in 2022 (2021: €17,991) as disclosed in Note 14 to the Financial Statements.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Group and Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement and Chief Executive's Report. The principal risks and uncertainties are set out above.

Management have produced forecasts for the period up to April 2024 taking account of reasonably plausible changes in trading performance and market conditions, which have been reviewed by the Directors. The forecasts demonstrate that the Group

Directors' report

and Company are forecast to generate cash in 2023/2024 and that the Group and Company have sufficient reserves to enable the Group and Company to meet their obligations as they fall due for a period of at least 12 months from the date at which the financial statements have been signed.

After undertaking the assessments and considering the uncertainties set out above, the Directors share a reasonable expectation that the Group and Company have adequate resources to continue to operate for the foreseeable future and for these reasons they continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

The following Directors held office during the financial year and to the date of this report:

- David Palumbo
- Jeffrey Vander Linden
- Nauman Babar
- Yoel Alemán Méndez
- Ian Pearson
- Thomas Quigley

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The Directors and Secretary of EQTEC plc who held office at 31 December 2022 had the following interests in the Ordinary Shares (€0.001 each) of the Company:

DIRECTORS	AT 31 DECEMBER 2022	AT 31 DECEMBER 2021
Ian Pearson	**7,204,300**	7,204,300
David Palumbo	**60,809,627**	43,659,090
Nauman Babar (also the Company Secretary)	**1,000,000**	–
Jeffrey Vander Linden	**21,560,914**	15,477,732
Yoel Alemán Méndez	**185,791,970**	170,791,970
Thomas Quigley	**54,751,035**	27,854,154

The Directors who held office at 31 December 2021 had the following interests in warrant and option instruments issued by the Company:

DIRECTORS	LTIP OPTIONS		EMPLOYEE WARRANTS	
	AT 31 DEC 2022	AT 31 DEC 2021	AT 31 DEC 2022	AT 31 DEC 2021
David Palumbo	**33,750,000**	-	**196,968,812**	196,968,812
Nauman Babar (also the Company Secretary)	**29,582,716**	3,332,716	**-**	-
Jeffrey Vander Linden	**41,931,818**	8,181,818	**71,297,138**	-
Yoel Alemán Méndez	**22,115,888**	-	**98,484,406**	98,484,406
Thomas Quigley	**-**	-	**-**	19,696,881

L-R: Ernesto Bravo Campos, Mechanical Engineer and Facundo Sebastian Molina, Technical Project Manager

> "EQTEC intends to re-focus its revenues on licensing of its technology to plant operators, with value-added services including maintenance, upgrades and data-based services provided over the lifetime of each plant operating EQTEC's technology."

The exercise price of the employee warrants is 0.45p (GBP 0.0045) with a contractual life of five years (expiry date 31 March 2025).

LTIP options were awarded in 2021 and 2022, each with vesting conditions linked to company performance and each with a three-year vesting period. The 2021 LTIP maximum award options were 30,524,234 at an award price of 2.20p (GBP 0.022) with an exercise expiry date of 30 April 2032 and an exercise price of EUR 0.001. The 2022 LTIP maximum award options were 188,648,745 at an award price of 1.00p (GBP 0.010) with an expiry date of 30 April 2033 and an exercise price of EUR 0.001. At 31 December 2022, a total of 6,432,777 LTIP options had vested, all of which were for the 2021 award. Further details of the LTIP scheme are set out in Note 28 of the financial statements.

The Directors and Secretary who held office at 31 December 2022 did not have any interests in the share capital of any of the subsidiaries of the Company.

REMUNERATION COMMITTEE REPORT

The Group's remuneration model is designed to attract and retain people of the highest calibre and who bring their experience and impact to the work of the Group and achievement of its near-term business plan and long-term strategy. Executive remuneration in particular targets a higher proportion of pay based on Company performance and attracts leadership with strong accountability, comfort with ambiguity, entrepreneurialism and long experience and expertise on matters of policy, strategic decision-making and governance.

In setting remuneration levels, the Remuneration Committee benchmarks other companies of similar size and scope. To date, remuneration has favoured a lower average executive non-contingent base pay, augmented by a higher rate of contingent, performance-based pay. The Company has implemented a formal performance management framework for both the business and individuals, including executives and both cash-based and share-based incentive pay are linked to individual and Company performance. All incentive pay is approved by the Remuneration Committee and ratified by the Board.

Details of Directors' remuneration are included in Note 34 of the notes to the financial statements.

ACCOUNTING RECORDS

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records by employing persons with appropriate expertise and by providing adequate resources to the Finance function. The accounting records are held at the Company's business address at Building 1000, City Gate, Mahon, Cork T12 W7CV, Ireland.

The Directors are responsible for ensuring that the Group and the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Group and the Company, enable at all times the assets, liabilities, financial position and profit or loss of the Group and the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

The auditors, Grant Thornton, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

Directors' report

IMPORTANT EVENTS SINCE THE YEAR-END

Details of occurrence of events since 31 December 2022 with an impact on the Group are included in Note 35 to the Financial Statements. Aside from those disclosed in Note 35, no other adjusting or significant events have occurred between the 31 December reporting date and the date of authorisation.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that: so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' COMPLIANCE STATEMENT

To ensure that the Company achieved material compliance with its relevant obligations, the Directors confirm that they have:

- drawn up a compliance policy statement setting out the Company's policies respecting compliance by the Company with its relevant obligations.
- put in place appropriate arrangements and structures that are designed to secure material compliance with the Company's relevant obligations.
- conducted a review, during the financial year, of the arrangements and structures, referred to above.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations and the AIM Rules for Companies.

Irish company law requires the Directors to prepare financial statements for each financial year giving a true and fair view of the assets, liabilities and financial position of the Group and the Company and the profit or loss for the Group and the Company. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under the Company Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and the Company as at the financial year end date and of the profit or loss of the Group and Company for the financial year and otherwise comply with the Companies Act 2014.

L-R: Ernesto Bravos Campos, Mechanical Engineer and Marcos García, I&C Engineer, on site at Italia MDC

> **EQTEC's versatile solutions convert nearly 60 varieties of feedstock, including forestry wood waste, vegetation and other agricultural waste from farms, industrial waste and sludge from factories and municipal waste, all with no hazardous or toxic emissions.**

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

On behalf of the Board:

IAN PEARSON
Non-Executive Chairman

05 May 2023

DAVID PALUMBO
Chief Executive Officer

05 May 2023

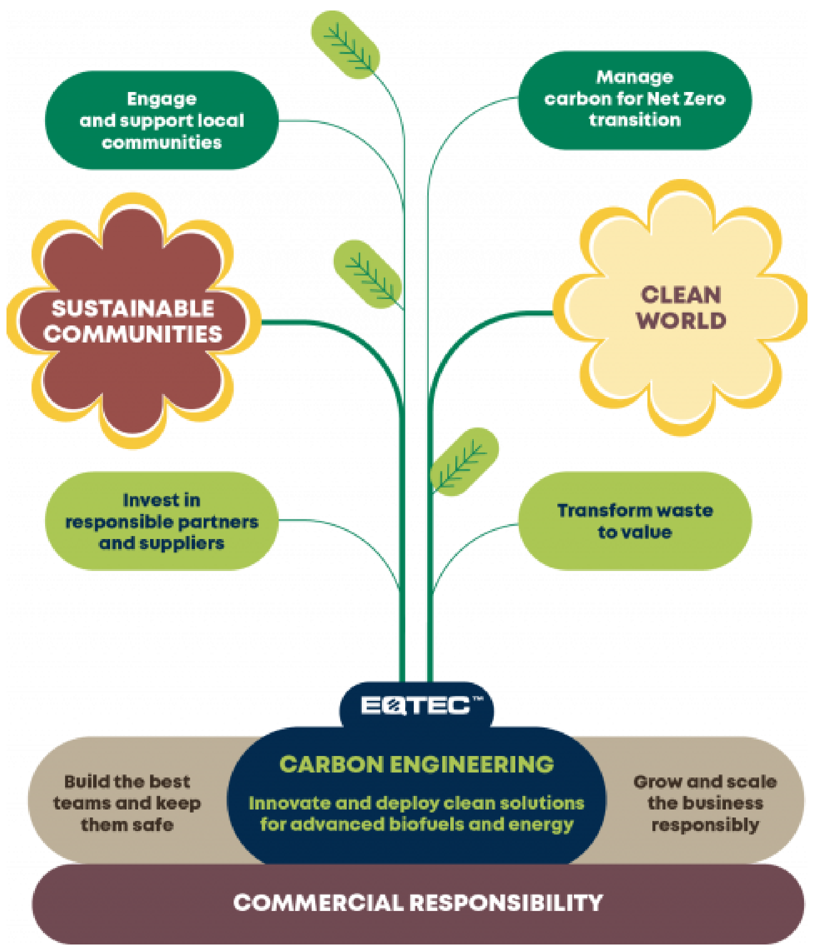
Environmental, Social & Governance (ESG) report

EQTEC's ESG framework and its ESG goals

EQTEC's ESG Statement sets out how the Group has incorporated a range of ESG goals into its three-year business strategy and annual business plans. The Company views realisation of these goals as fundamental to its long-term commercial success and market role.

The Statement organises its ESG goals into four strategic priorities to focus the Group, its projects, its people and its partners on accelerating progress toward realisation of global net zero targets.

ESG GOALS IN THE THREE-YEAR BUSINESS STRATEGY:



- **EQTEC** focuses talent and innovation on **CARBON ENGINEERING**; *we will innovate and deploy clean solutions for advanced biofuels and energy*
- **EQTEC** is dedicated to re-establishing a **CLEAN WORLD**; we convert the world's waste into valuable energy and biofuels without creating dangerous pollutants or emissions. *We will manage carbon for the net zero transition and transform waste to value*
- **EQTEC** supports the development of **SUSTAINABLE COMMUNITIES**; we engage locally, employ locally, implement locally and maintain our technology locally. *We will invest in responsible partners and suppliers and engage and support local communities*
- **EQTEC** commits to **COMMERCIAL RESPONSIBILITY**; we practice high standards of governance and management across our operations and value chain and communicate and engage openly with our stakeholders. *We will build the best teams and keep them safe and grow and scale the business responsibly*

> **This scorecard drives the priorities of the business and also measures its performance, tied also to individual remuneration through the short-term incentive (STI) scheme.**
>
> **IAN PEARSON**
> Non-Executive Chairman

Launched in January 2022, the EQTEC ESG framework is not considered separately from other objectives in the three-year business strategy or annual business plans. Instead, its objectives are part of every business plan and are integrated into the Company's annual balanced scorecard. This scorecard drives the priorities of the business and also measures its performance, tied also to individual remuneration through the short-term incentive (STI) scheme.

2022 PROGRESS AND PERFORMANCE

EQTEC has aligned its progress with the Streamlined Energy & Carbon Reporting (SECR) disclosure requirements, which are mandatory for application and reporting by companies with annual turnover of £36 million or more; balance sheet of £18 million or more; and/or employees of 250 or more. As an early-stage business whose core business is focused on positive Environmental and Social outcomes, EQTEC intends to grow its revenues and impacts responsibly and be prepared for compliance as it becomes mandatory.

To deliver its ESG goals as part of its business strategy, the Company sets an annual business plan that addresses ESG goals and a number of other success measures that support them. The 2022 business plan included the following **focus areas for ESG goals**, with associated progress made in 2022.

CARBON ENGINEERING

We will develop and take to market a new syngas-to-chemicals solution.

- Successful upgrade of R&D capability for steam-oxygen gasification for advanced biofuels production.
- Wood plc appointed as technology partner for integrated waste-to-hydrogen solution at Southport project.

CLEAN WORLD

We will set out how and when we will achieve a net zero target for EQTEC, enabling a low-carbon future that meets or exceeds national net zero targets in all the jurisdictions in which we operate.

- Baselined EQTEC Group greenhouse gas footprint (Scopes 1, 2, 3), highlighting a low impact on the environment.
- GHG emissions profile for common syngas solutions (feedstock, offtake) with comparative assessment against alternative technologies, revealing EQTEC's lower GHG impacts, and higher production ratios.

SUSTAINABLE COMMUNITIES

We will integrate ESG considerations into our comprehensive partner qualification process to ensure our partners build sustainable communities and businesses wherever we operate, supporting them where needed.

- Aligned EQTEC Code of Conduct and relevant policies with partner policies for common governance and business approach.
- Extended Code of Conduct and consistent Anti-bribery and Corruption policies to all Group companies, including JVs.
- Aligned work at Deeside project with Toyota Motor Company's global roadmap for carbon-neutrality.

COMMERCIAL RESPONSIBILITY

We will allow our people to participate in ownership of our business through granting long-term incentives (LTIs) to permanent staff and share-based payments to contractors.

- 2021 grant vested (at one-third of total) in May 2022 for all participants to the Long-term Incentive Plan (LTIP).
- 100% of EQTEC employees granted participation in 2022 LTIP, with award letters sent in April 2022.

Additionally, the 2022 business plan included the following, priority ESG success measures, with associated progress in 2022:

ESG GOAL & SUCCESS MEASURES	2022 PROGRESS
CARBON ENGINEERING	
• EQTEC process engineering talent is the best in the market • Technology and innovation partners are the best in their sectors	• Engineering salary benchmark review completed and applied across all technical roles, with upper quartile talent targeted for process engineering roles • Technology partner Wood (RNG, hydrogen) formally appointed at Southport project; joint pipeline, project opportunities highlighted and managed through regular calls • Technology partner CompactGTL (Fischer-Tropsch gas-to-liquids) formal collaboration agreement with pilot plant targeted • R&D capability at Université de Lorraine LERMAB upgraded for steam-oxygen capability, in support of advanced biofuels trials
CLEAN WORLD	
• Innovation roadmap aligns to national and global net zero targets • Energy and GHG emissions are measured, tracked and reported	• Quantified the emissions profiles of our core processes, and benchmarked to alternative energy production technologies • Calculated 2021 and 2022 corporate GHG footprints • Black & Veatch appointed FEED partner at Deeside project; full FEED produced; Petrofac appointed FEED partner at Billingham project
SUSTAINABLE COMMUNITIES	
• Local relationships are comprehensive and strong • Ecosystem partners are supported to become commercially successful and sustainable	• Regular calls and communications with Department for Business, Energy and Industrial Strategy (BEIS) in UK, Department of Energy (DoE) in USA and national, regional and local authorities in France • Direct and regular engagement with local authority at Castiglione d'Orcia in Italy, in support of Italia MDC • Visit by and engagement with local MP at Southport project, resulting in mention of EQTEC on floor of Commons as exemplary solution in support of UK net zero achievement • Worked closely with COS.M.I on Italia MDC to improve the business model and IRR, and also developed a business operational playbook for Italia MDC
COMMERCIAL RESPONSIBILITY	
• EQTEC People are well cared for and productive • Business ethics & compliance practices are explicit and enforced • Best practice corporate governance is embedded and enables strategic growth • ESG management is integrated into the business and clearly communicated	• Engineering staff remuneration and benefits aligned to top quartile benchmarks; other staff remuneration and benefits aligned to above-average benchmarks. • Employee objectives show alignment to company objectives, creating clear participation in the success of the company • Code of conduct created, communicated and embedded into the Company • ESG objectives are embedded in corporate objectives, and reported frequently, and alongside the corporate objectives • ESG progress, and ongoing work, included in Board and All Company meetings

The EQTEC Board of Directors reviews progress with ESG and all business plan objectives at every Board meeting; additionally, EQTEC's Chairman, Ian Pearson, serves as the head of the ESG Steering Group. Other members include Yoel Alemán Méndez, CTO (for *Environmental* objectives), Jeff Vander Linden, COO (for *Social* objectives) and Nauman Babar, CFO and Company Secretary (for *Governance* objectives).

ESG Report

FOCUS: BASELINE FOR EQTEC GHG FOOTPRINT

As an ESG company with an ESG agenda, greenhouse gas (GHG) emissions play heavily into EQTEC's market proposition. In 2022, the Group set out to establish a baseline GHG emissions profile for both its own footprint and for plants that operate its technology. The baseline study, undertaken with a large, independent engineering consultancy, assessed EQTEC's own, corporate GHG footprint as well as how EQTEC technology compares to alternatives in terms of GHG emissions.

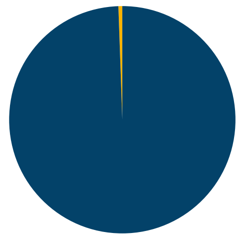
EQTEC'S CORPORATE GHG FOOTPRINT

The calculations of EQTEC's own GHG footprint applied the GHG Protocol methodology, which is increasingly the most common as it reflects a number of accounting principles, including: relevance, completeness, consistency, transparency, and accuracy. The approach applies actual data (such as kWh used) where possible, applying financial data (such as travel miles and costs) as a proxy where more precise data are not available.

EQTEC GHG EMISSIONS 2022

(c.2,365 tonnes of CO_2 equivalents per year)

BY SCOPE



Scope 1 emissions 1.92 t/CO_2e/yr
Scope 2 emissions 7.28 t/CO_2e/yr
Scope 3 emissions 2,355.43 t/CO_2e/yr

BY TYPE

Scope 1 (Heating) kWh	10,495
Scope 1 (Heating) tCO_2e	1.92
Scope 1 (Other) tCO_2e	–
Scope 2 (Electricity) kWh	36,329
Scope 2 (Electricity) tCO_2e	7.28
Scope 2 (Other) tCO_2e	–
Employee intensity ratio*	0.34
Scope 3 Emissions (tCO_2e/yr)	2,355
TOTAL Scope 1, 2 & 3 Emissions (tCO_2e/yr)	2,365

*Scope 1 & 2 emissions (tCO_2e) ÷ average FTE in 2022 of 27.0

By contrast the annual emissions of 19.3 million UK households in 2021 was 505 million tonnes of CO_2e, or about 26 tonnes of CO_2e per household. EQTEC spends less than one-third of this amount on Scope 1 and 2 emissions and EQTEC's entire value chain spends the same as about 64 UK households.

(Source: UK Office of National Statistics)

Scope 1 emissions	**Scope 2 emissions**	**Scope 3 emissions**
are from sources that an organisation owns or controls directly.	are emissions that an organisation causes indirectly when the energy it purchases and uses is produced.	are not produced by the organisation itself, and not the result of activities from assets owned or controlled by them, but by those that it is indirectly responsible for, up and down its value chain.

EQTEC TECHNOLOGY EFFICIENCY AND EMISSIONS

It is difficult to calculate a single, reliable GHG emissions profile for EQTEC technology, as every plant is different and EQTEC designs to maximise the efficiency of each.

To establish a like-for-like comparison between EQTEC's patented and proprietary syngas process technology and various other thermochemical conversion processes, EQTEC and its advisors modelled Scope 1 and 2 emissions across three of the most common, on an equivalent feedstock basis:

- Biomass to combined heat and power (CHP)
- Biomass to CHP with biochar production
- Refused-derived fuel (RDF, from mixed municipal waste) to CHP

This exercise produced a measurement of total GHG emissions (measured in kgCO_2e per kWh energy) and energy production per ratio (kW of energy produced per kg of waste in).

Comparison of this with alternative processes and in particular with incineration, which is the most prevalent form of thermochemical conversion in commercial use, reveals that the EQTEC process produces considerably lower emissions and more energy from less waste.

GHG EMISSIONS AND ENERGY PRODUCTION RATIOS

EQTEC vs. incineration[1]

	BASELINE PLANT SIZE[3]		TOTAL EMISSIONS[4] kgCO_2e per kWh CHP energy		ENERGY PRODUCTION RATIO[5] kWCHP/kgwaste	
FEEDSTOCK AND OFFTAKE TYPES[2]	MWE	MWTH	EQTEC	INCINERATION	EQTEC	INCINERATION
Biomass to combined heat & power (CHP)[6]	0.5	–	1.59	2.57	1.02	0.61
Biomass to CHP with biochar production[6]	3.0	5.4	1.27	1.47	2.47	1.16
Refuse-derived fuel (RDF) to CHP	13.9	5.8	0.85	1.33	2.14	1.39

[1] EQTEC data calculated based on process calculations across three reference plants operating EQTEC technology; incineration data based on median of 314 European plants; all emissions data calculated based on equivalent feedstock; incineration data includes assumptions about parasitic load, start-up fuel type and quantity and split of electrical power and thermal energy outputs.

[2] Quantum of usable energy offtake produced by reference plants based on specified waste feedstock.

[3] Quantum of electrical power and/or thermal energy produced by reference plants.

[4] Quantum of CO_2 equivalents for all GHGs emitted per kWh combined heat and power generated.

[5] kW combined heat and power generated per kg of waste feedstock.

[6] Thermochemical conversion of biomass based feedstocks are treated by climate scientists, and the GHG Protocol, as carbon neutral, and are not included in emissions profiles. Nevertheless, for the purposes of process reality and clarity, the emissions shown above are the total emissions generated from the process– regardless of biogenic and non biogenic sources

Partner spotlight

Partner: Commercial and operational excellence | **Market:** Global

Luis Ibarra

Founder & CEO

Jose (Manolo) Boccardo

Founder & eADVISORY Director

eCERTO is an innovative technology and advisory business with its origins in the oil and gas sector, committed to bringing decades of commercial insights with process technologies to renewables sectors.

Its vision is to transform the sustainability and financial performance of capital projects by minimising carbon emissions and costly overruns with INTEGRATI®.

INTEGRATI® is eCERTO's proprietary, smart eSaaS platform for capital project modelling designed to streamline the project development process, minimise carbon emissions and reduce project costs. Supporting its deployment is an advisory and deployment team with decades of experience in large-scale and complex infrastructure projects, executive leadership, business development, technology commercialisation and project management.

EQTEC and eCERTO's founders have been acquainted for many years, even prior to eCERTO's inception in 2016. With EQTEC's small but challenging set of larger, more complex projects, especially in the UK, EQTEC appointed eCERTO in 2021 for its view on how to approach these with greater discipline, pace and risk mitigation. eCERTO was appointed in 2022 for the Deeside project, to rapidly assess and integrate the work that had been done and to identify gaps and strategies for addressing them.

With eCERTO's guidance, EQTEC was able to organise project complexity around a standard framework built on best-in-class techniques well utilised in the energy sector. More than that, the capital project model built with INTEGRATI® enabled EQTEC and its partners to gain insights on the 'hot spots' in the financial model, cost structure and forward schedule that resulted in a refined strategy for project development.

EQTEC's strategic partnership with eCERTO has led to increased interest from project funders approaching eCERTO to conduct independent due diligence in relation to investment opportunities in the renewable energy sector.

Although EQTEC aspires to discontinue any work as a project developer, it is committed to applying best practices with best partners to all of its projects, including those it must oversee until it can bring on professional developers. eCERTO and INTEGRATI® will continue to be highly recommended by EQTEC to accelerate, improve and drive carbon efficiency from infrastructure projects applying EQTEC's syngas technology, and beyond.

Independent auditor's report

OPINION

We have audited the financial statements of EQTEC plc ("the Company") and its subsidiaries ("the Group"), which comprise the Consolidated statement of profit or loss, Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of changes in equity, Consolidated statement of cash flows, Company statement of financial position, Company statement of changes in equity, Company statement of cash flows for the financial year ended 31 December 2022 and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the Group's consolidated financial statements give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the Group as at 31 December 2022 and of the Group's financial performance and cash flows for the financial year then ended;
- the Company's financial statements give a true and fair view in accordance with IFRS as adopted by the European Union of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its cash flows for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accountancy Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the Group and Company. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group and Company's ability to continue as a going concern basis of accounting included:

- Evaluating management's future cash flow forecasts, understanding the process by which they were prepared, and assessed the calculations are mathematically accurate.
- Challenging the underlying key assumptions such as expected cash inflow from technology and development sales and cash outflow from project costs and other operating expenses.
- Making inquiries on the status of the projects and understanding on how the Group and Company's future plans for each of the projects will be funded and assessing whether this can support the future developments and cost projections.
- Making inquiries with management and reviewing the board minutes and available written communication with commercial partners in order to understand the future plans and to identify potential contradictory information.
- Assessing the adequacy of the disclosures with respect to the going concern assertion.

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

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

KEY AUDIT MATTERS

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

Overall audit strategy
We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements as discussed in the key audit matters section. We also addressed the risk of management override of internal controls, including evaluating whether there was any evidence of potential bias that could result in a risk of material misstatement due to fraud.

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

- Impairment of goodwill;
- Revenue recognition; and
- Investments accounted for using the equity method..

How we tailored the audit scope
The Group has two operating segments: the power generation segment and the technology sales segment. We tailored the scope of our audit taking into account the areas where the risk of misstatement was considered material to the Group and Company, taking into account the nature of the Group and Company's business and the industry in which it operates. We performed an audit of the complete financial information of all the components of the Group. Components represent business units across the Group considered for audit scoping purposes.

In establishing the overall approach to our audit, we assessed the risk of material misstatement at a Group and Company level, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the control environment in place at EQTEC plc.

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

Based on our professional judgement, we determined materiality for the Group and Company as follows: 1% of total assets (excluding goodwill for the Group) for the financial year ended 31 December 2022. We chose total assets as the benchmark as we considered this to be the main focus of the users of the financial statements based on nature of the Group and Company's activities with continuing funding rounds and business expansion.

We have set performance materiality for the Group and Company at 60% of materiality, having considered our prior year experience of the risk of misstatements, business risks and fraud risks associated with the Group and Company and their control environment. This is to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.

We agreed with the board of directors that we would report to them misstatements identified during our audit above 5% of materiality as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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

Impairment of goodwill – valuation
The Group reports a significant goodwill balance arising from the acquisition of EQTEC Iberia SLU in 2017 (see Note 19). As at 31 December 2022, goodwill amounted to €15,283,459 which was 30.32% of the Group's total assets. EQTEC Iberia SLU incurred losses ofamounting to €1,337,565 in 2022 which we have identified as an indicator of impairment. We obtained management's discounted cash flow projections in support of the recoverability of this goodwill.

Under the relevant IFRS as adopted by the European Union, the Group is required to annually test the amount of goodwill for impairment. This annual impairment test was significant to our audit because the balance, as above, is material to the financial statements. In addition, management's assessment process is complex and highly judgemental and is based on assumptions, specifically on future cash flows, which are affected by expected future market or economic conditions. Actual results may differ from the estimates under different assumptions or conditions.

Due to the subjective estimates inherent in this calculation, this was a key judgemental area that our audit concentrated on.

Our response
For this risk, our audit procedures included the following testing:

- Evaluated and challenged management's future cash flow forecasts and the process by which they were drawn up and tested the integrity and mathematical accuracy of the impairment model;
- Tested the significant assumptions and estimates used in preparing the cash flows which includes revenue forecasts, gross profit rates and discount rates and reviewed reasonableness of growth rates used for the projection and compared them against proven track record of performance;
- Tested the adequacy of discount rate used and evaluated the model in determining the value in use of the cash generating unit;
- Performed sensitivity analysis to determine reasonableness of the input variables used in the impairment model; and
- Considered the adequacy of the Group's disclosures relating to goodwill and the annual impairment review with the requirements included in the consolidated financial statements in accordance with IFRS as adopted by European Union.

The value of the goodwill is based on the best estimates of the Directors. As part of our audit, we have gained sufficient audit evidence supporting the assumptions of the model. However, in view of uncertainty in relation to the future events that affects the timing of revenue cash flows and significance of this balance to the consolidated financial statements, we consider that it should be drawn to your attention. There is a risk that assumptions used by the directors specifically on certain projects will be delayed which may affect the future cash flows of the Group. The consolidated financial statements do not reflect the adjustments that might arise should the assumptions used in the impairment model change.

Revenue recognition – occurrence, completeness and accuracy
Revenue from the rendering of services which includes after-sales service and maintenance, consulting and construction contracts for renewable energy systems is recognised when the Group and Company satisfies performance obligations which is based on the stage of completion of the contract activity at the reporting date. For this purpose, the stage of completion set as at the reporting date and the expected future costs to completion are assessed. The Group CFO discusses and monitors status of scoped projects per relevant contracts. The projects are discussed at meetings of the Board of Directors at the request of the CFO.

The stage of completion method involves significant scope for judgement by Management in terms of determining the correct amount and timing of revenue recognition, including estimated cost required to complete the contract, which could have a material impact on the consolidated financial statements. In addition, revenue recognition is deemed a significant risk during the performance of our audit. As a result, we considered these as key audit matters.

Please refer to Notes 3, 4, 7 and 8 in the notes to the consolidated financial statements for further information.

Our response
The following audit work has been performed to address the risks:

- We understand the Group's estimation process (including the approval of project budget, monitoring of project costs and activities, and management's review and customer's approval of project's stage of completion used in determining the amounts of revenue from the rendering of services and related costs recognised in the financial statements.
- For significant customer contracts, we challenged the management's assessment with regard to estimating the stage of completion by reviewing the underlying customer agreements and verifying the extent and timing of delivery acceptance from customer for consistency.
- Obtained management's projections of expected future costs and tested the estimate for consistency with the status of delivery and customer acceptances and sign off from customers to identify possible delays in achieving milestones, which require changes in estimated costs or efforts to complete the remaining performance obligations including how this costs will be funded for the project to close.
- Examined invoice copies including proof of acceptances including tracing of customer payments to ensure revenue has occurred.
- Reviewed adequacy of disclosures made in the financial statements as required by the related IFRS as adopted by the European Union.

Our planned audit procedures were completed without material exception.

Existence and valuation of investments accounted for using the equity method
There is a risk that investments accounted for using the equity method held by the Group and Company do not exist or that the balance included in the Statement of Financial Position of the Group and Company as at 31 December 2022 is not valued in line with the recognition and measurement provisions of IAS 28, Investments in Associates and Joint Ventures (as adopted in the European Union).

Significant auditor's attention was deemed appropriate because of the materiality of the investments accounted for using the equity method. In addition, the impairment of the Company's financial assets and investments accounted for using the equity method is a key judgemental area due to the level of subjectivity in estimating its recoverability such as the financial condition of the counterparties and their expected future cash flows. As a result, we considered these as key audit matters.

Our response
The following audit work has been performed to address the risks:

- Reviewed client prepared memos where management assessed the appropriate accounting, recoverability and presentation of each of the investments.
- Obtained external filings of the investments from relevant regulatory sites and understand the level of considerations paid or payable which

was agreed to the amounts held to the accounting records ensuring that the investments exists.

- Evaluated and challenged management's future cash flow forecasts and the process by which they were drawn up and tested the integrity and mathematical accuracy of the impairment model.
- Tested the significant assumptions and estimates used in preparing the cash flows which includes revenue forecasts, gross profit rates and discount rates and reviewed reasonableness of growth rates used for the projection and compared them against proven track record of performance. In addition, we assessed recoverability of the investments by inspecting the investee's financial statements and other relevant documentation and ensured that the investments were recoverable and that no provisions were necessary.
- Reviewed elimination of gains and losses resulting from downstream transactions between the Company and its associates to confirm gains or losses are recognised only to the extent of unrelated investors' interests in the associates.
- Reviewed minutes of board meetings for increase or decreases in rights on investments held including agreeing whether considerations have been paid.
- Reviewed adequacy of disclosures made in the financial statements as required by the related IFRS as adopted by the European Union.

Our planned audit procedures were completed without material exception.

OTHER INFORMATION

Other information comprises information included in the annual report, other than the financial statements and the auditor's report thereon, including the Chairman's Statement, Chief Executive's Report, Corporate Governance Statement and Directors' Report. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACT 2014

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRS as adopted by the European Union, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or Company or to cease operations, or has no realistic alternative but to do so.

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

The objectives of an auditor are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management, board and audit committee on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the Company and Group's regulatory and legal correspondence and review of minutes of director's meetings during the year to corroborate inquiries made;
- gaining an understanding of the Company and Group's current activities, the scope of authorisation and the effectiveness of its control environment;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including impairment assessment of goodwill, investments, trade debtors and revenue recognition;
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management; and
- as the Company and Group operates in the technology development and services industry, the Audit Engagement Partner considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

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

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Cathal Kelly
For and on behalf of
Grant Thornton
Chartered Accountants &
Statutory Audit Firm

Dublin 2, Ireland
05 May 2023

Interior pipeworks at Italia MDC

Consolidated statement of profit or loss

for the financial year ended 31 December 2022

	NOTES	2022 €	2021 €
Revenue	8	**7,970,072**	9,171,764
Cost of sales		**(7,002,314)**	(7,541,354)
Gross profit		**967,758**	1,630,410
Operating income/(expenses)			
Administrative expenses		**(5,742,563)**	(4,190,592)
Other income	9	**33,645**	–
Impairment costs	14	**(2,752)**	(5,498)
Other (gains)/losses	12	**10,088**	(1,418,860)
Employee share-based compensation	10	**(340,257)**	(205,648)
Foreign currency gains		**156,835**	348,885
Operating loss		**(4,917,246)**	(3,841,303)
Share of results from equity accounted investments	21	**(52,059)**	(24,188)
Gains from sales to equity accounted investments deferred	21	**(28,378)**	(211,478)
Loss/(gain) arising from loss of control of subsidiaries		**(489)**	9,957
Change in fair value of financial investments	23	**(326,501)**	(250,378)
Finance income	11	**316,805**	134,069
Finance costs	11	**(589,618)**	(517,108)
Significant and non-recurring transactions:			
Impairment of equity-accounted investment	15	**(4,712,490)**	–
Loss on disposal of tangible asset	15	**(154,205)**	–
Loss before taxation	14	**(10,464,181)**	(4,700,429)
Income tax	16	**(60,934)**	–
LOSS FOR THE FINANCIAL YEAR		**(10,525,115)**	(4,700,429)
Loss attributable to:			
Owners of the Company		**(10,525,104)**	(4,700,497)
Non-controlling interest		**(11)**	68
		(10,525,115)	(4,700,429)
		2022 € PER SHARE	2021 € PER SHARE
Basic loss per share:			
From continuing operations	17	**(0.001)**	(0.001)
From continuing and discontinued operations	17	**(0.001)**	(0.001)
Diluted loss per share:			
From continuing operations	17	**(0.001)**	(0.001)
From continuing and discontinued operations	17	**(0.001)**	(0.001)

The notes on pages 64 to 109 form part of these financial statements.

Consolidated statement of comprehensive income
for the financial year ended 31 December 2022

	2022 €	2021 €
Loss for the financial year	**(10,525,115)**	(4,700,429)
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on retranslation of foreign operations	**(478,066)**	238,715
Other comprehensive (loss)/income for the year	**(478,066)**	238,715
Total comprehensive loss for the financial year	**(11,003,181)**	(4,461,714)
Attributable to:		
Owners of the company	**(11,128,847)**	(4,301,511)
Non-controlling interests	**125,666**	(160,203)
	(11,003,181)	(4,461,714)

Partner spotlight

Partner: Development | **Market:** Ireland

Jonathan Chinn
Director of Projects

Domi Ost is an Ireland-based project development company with the mission of sustainably decarbonising Ireland while ensuring business resilience.

As Ireland seeks to decarbonise its energy grid and transport sectors by encouraging new, renewable technologies that support the country's economic growth, Domi Ost is quickly finding routes to market for EQTEC's syngas technology, as well as for other, complementary technologies.

Domi Ost's founding directors' objectives are identifying and forming high-quality and high-impact clean energy opportunities and driving project success, as a response to Ireland's 'green' challenge. The company is also dedicated to decarbonising Ireland while creating value for stakeholders and business resilience though fuel sustainability and deployment of EQTEC's clean, syngas technology in Ireland, be it for combined heat and power (CHP), renewable natural gas (RNG) or other applications including bioethanol or biomethanol production.

EQTEC and Domi Ost are currently discussing sustainability opportunities for heavy energy user sectors and transport services in Ireland. Both sectors have grown significantly over the past two decades, and Ireland intends to grow them further, with a clean energy footprint. Beyond the considerable power requirements inherent in delivery of services, investors in the industry sector are looking at options for strong investment cases for clean generation of baseload power. The transport sector is looking at a decarbonisation strategy that includes biofuels or other chemicals to support Ireland's overall objective of a clean carbon footprint.

EQTEC looks forward to pursuing these and other opportunities with Domi Ost in the coming months and years.

The notes on pages 64 to 109 form part of these financial statements.

Consolidated statement of financial position
at 31 December 2022

	NOTES	2022 €	2021 €
ASSETS			
Non-current assets			
Property, plant and equipment	18	**133,053**	446,861
Intangible assets	19	**17,578,231**	17,702,833
Investments accounted for using the equity method	21	**7,619,514**	8,074,184
Financial assets	22	**3,728,434**	4,050,030
Other financial investments	23	**171,186**	506,976
Total non-current assets		**29,230,418**	30,780,884
Current assets			
Development assets	25	**6,033,543**	3,455,496
Loan receivable from project development undertakings	25	**5,446,087**	3,000,469
Trade and other receivables	26	**7,221,046**	6,876,747
Cash and cash equivalents	27	**1,693,116**	6,446,217
Total current assets		**20,393,792**	19,778,929
Total assets		**49,624,210**	50,559,813

Total assets
€49.6M

L-R: Marcos García Bartolomé (Automation Control Engineer), Oscar Velasco (O&M Manager), Dr. Esther Lorente Royo (Senior Process Engineer), Denisa Rodriguez Royo (Project Manager), Dr. César Berrueco Moreno (Senior Process Engineer), Ariel Entenza Medina (Automation Control Engineer)

The notes on pages 64 to 109 form part of these financial statements.

Consolidated statement of financial position
at 31 December 2022 – continued

	NOTES	2022 €	2021 €
EQUITY AND LIABILITIES			
Equity			
Share capital	28	**26,799,584**	25,977,130
Share premium	28	**87,203,372**	83,610,562
Other reserves	28	**2,694,125**	2,353,868
Accumulated deficit		**(77,305,919)**	(66,177,072)
Equity attributable to the owners of the company		**39,391,162**	45,764,488
Non-controlling interests	29	**(2,258,523)**	(2,384,189)
Total equity		**37,132,639**	43,380,299
Non-current liabilities			
Borrowings	30	**1,064,598**	–
Lease liabilities	31	**–**	56,855
Total non-current liabilities		**1,064,598**	56,855
Current liabilities			
Trade and other payables	32	**6,264,404**	6,921,806
Borrowings	30	**5,106,038**	–
Lease liabilities	31	**56,531**	200,853
Total current liabilities		**11,426,973**	7,122,659
Total equity and liabilities		**49,624,210**	50,559,813

The financial statements were approved by the Board of Directors on 05 May 2023 and signed on its behalf by:

DAVID PALUMBO
Chief Executive Officer

IAN PEARSON
Non-Executive Chairman

The notes on pages 64 to 109 form part of these financial statements.

Consolidated statement of changes in equity
for the financial year ended 31 December 2022

	SHARE CAPITAL €	SHARE PREMIUM €	OTHER RESERVES €	ACCUMULATED DEFICIT €	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY €	NON-CONTROLLING INTERESTS €	TOTAL €
Balance at 1 January 2021	**24,355,545**	**62,896,521**	**2,148,220**	**(61,875,561)**	**27,524,725**	**(2,223,986)**	**25,300,739**
Issue of ordinary shares in EQTEC plc (Note 28)	1,402,324	18,206,268	–	–	19,608,592	–	19,608,592
Conversion of debt into equity (Notes 28)	167,728	3,285,013	–	–	3,452,741	–	3,452,741
Issued in acquisition of financial asset (Note 28)	51,533	693,628	–	–	745,161	–	745,161
Share issue costs (Note 28)	–	(1,470,868)	–	–	(1,470,868)	–	(1,470,868)
Employee share-based compensation (Note 10)	–	–	205,648	–	205,648	–	205,648
Transactions with owners	**1,621,585**	**20,714,041**	**205,648**	**–**	**22,541,274**	**–**	**22,541,274**
Loss for the financial year	–	–	–	(4,700,497)	(4,700,497)	68	(4,700,429)
Unrealised foreign exchange losses	–	–	–	398,986	398,986	(160,271)	238,715
Total comprehensive loss for the financial year	**–**	**–**	**–**	**(4,301,511)**	**(4,301,511)**	**(160,203)**	**(4,461,714)**
Balance at 31 December 2021	**25,977,130**	**83,610,562**	**2,353,868**	**(66,177,072)**	**45,764,488**	**(2,384,189)**	**43,380,299**
Issue of ordinary shares in EQTEC plc (Note 28)	769,697	3,717,379	–	–	4,487,076	–	4,487,076
Conversion of debt into equity (Note 28)	52,757	237,672	–	–	290,429	–	290,429
Share issue costs (Note 28)	–	(362,241)	–	–	(362,241)	–	(362,241)
Employee share-based compensation (Note 10)	–	–	340,257	–	340,257	–	340,257
Transactions with owners	**822,454**	**3,592,810**	**340,257**	**–**	**4,755,521**	**–**	**4,755,521**
Loss for the financial year	–	–	–	(10,525,104)	(10,525,104)	(11)	(10,525,115)
Unrealised foreign exchange losses	–	–	–	(603,743)	(603,473)	125,677	(478,066)
Total comprehensive loss for the financial year	**–**	**–**	**–**	**(11,128,847)**	**(11,128,847)**	**125,666**	**(11,003,181)**
Balance at 31 December 2022	**26,799,584**	**87,203,372**	**2,694,125**	**(77,305,919)**	**39,391,162**	**(2,258,523)**	**37,132,639**

The notes on pages 64 to 109 form part of these financial statements.

Consolidated statement of cash flows
for the financial year ended 31 December 2022

	NOTES	2022 €	2021 €
Cash flows from operating activities			
Loss for the financial year before income tax		**(10,464,181)**	(4,700,429)
Adjustments for:			
Depreciation of property, plant and equipment	18	**239,233**	156,520
Amortisation of intangible assets	19	**124,602**	72,685
Loss on disposal of tangible assets	15	**154,205**	–
Impairment of equity-accounted investments	15	**4,712,490**	–
Employee share-based compensation	10	**340,257**	205,648
Impairment of development assets	25	**2,752**	–
Share of loss of equity accounted investments	21	**52,059**	24,188
Gains from sales to equity accounted investments deferred	21	**28,378**	211,478
(Loss)/Gain on loss of control of subsidiary	20	**489**	(9,957)
Change in fair value of financial investments	23	**326,501**	250,378
Gain/(loss) on debt for equity swap	12	**(10,088)**	1,418,860
Unrealised foreign exchange movements		**(319,440)**	103,234
Operating cash flows before working capital changes		**(4,812,743)**	(2,267,395)
Increase in:			
Development assets		**(2,578,047)**	(3,144,600)
Trade and other receivables		**(2,837,708)**	(5,946,010)
(Decrease)/increase in Trade and other payables		**(274,938)**	3,432,256
Net cash used in operating activities – continuing operations		**(10,503,436)**	(7,925,749)
Finance income	11	**(316,805)**	(134,069)
Finance costs	11	**589,618**	517,108
Taxes paid		**(108,311)**	–
Net cash used in operating activities		**(10,338,934)**	(7,542,710)
Cash flows from investing activities			
Addition to tangible assets	18	**(79,199)**	–
Additions to intangible assets	19	**–**	(1,000,000)
Payments made towards land purchase	26	**(586,421)**	–
Cash inflow from disposal of subsidiary	33	**170,000**	–
Loans advanced to project development undertakings	25	**(773,034)**	(2,430,137)
Loans repaid by project development undertakings	25	**100,000**	–
Investment in equity accounted undertakings	21	**(6,790)**	(978,825)
Loans advanced to equity accounted undertakings	21	**(2,852,699)**	(3,746,984)
Loans repaid by equity accounted undertakings	21	**40,018**	
Investment in related undertakings	22	**(351,853)**	(697,635)
Other advances to equity accounted undertakings		**(2,000)**	(27,508)
Net cash used in investing activities		**(4,341,978)**	(8,881,089)

The notes on pages 64 to 109 form part of these financial statements.

Consolidated statement of cash flows
for the financial year ended 31 December 2022 – continued

	NOTES	2022 €	2021 €
Cash flows from financing activities			
Proceeds from borrowings and lease liabilities	30	**7,236,850**	1,391,174
Repayment of borrowings and lease liabilities	30	**(1,126,483)**	(3,031,724)
Loan issue costs	30	**(334,557)**	–
Proceeds from issue of ordinary shares	28	**4,430,069**	19,420,222
Share issue costs	28	**(274,784)**	(1,180,217)
Interest paid		**(3,284)**	(20)
Net cash generated from financing activities		**9,927,811**	16,599,435
Net (decrease)/increase in cash and cash equivalents		**(4,753,101)**	175,636
Cash and cash equivalents at the beginning of the financial year		**6,446,217**	6,270,581
Cash and cash equivalents at the end of the financial year	27	**1,693,116**	6,446,217

Details of non-cash transactions are set out in Note 36 of the financial statements.

The notes on pages 64 to 109 form part of these financial statements.

Company statement of financial position
at 31 December 2022

	NOTES	2022 €	2021 €
ASSETS			
Non-current assets			
Intangible assets	19	**2,294,772**	2,419,374
Investment in subsidiary undertakings	20	**19,729,486**	17,994,504
Investments accounted for using the equity method	21	**2,728,959**	6,569,432
Other financial investments	23	**171,186**	506,976
Total non-current assets		**24,924,403**	27,490,286
Current assets			
Development assets	25	**1,258,191**	305,553
Loan receivable from project development undertakings	25	**3,421,901**	613,678
Trade and other receivables	26	**23,671,749**	14,507,848
Cash and bank balances	27	**980,098**	4,845,633
Total current assets		**29,331,939**	20,272,712
Total assets		**54,256,342**	47,762,998
EQUITY AND LIABILITIES			
Equity			
Share capital	28	**26,799,584**	25,977,130
Share premium	28	**106,137,452**	102,544,642
Other reserves	28	**2,694,125**	2,353,868
Accumulated deficit		**(88,820,042)**	(83,603,698)
Total equity		**46,811,119**	47,271,942
Non-current liabilities			
Borrowings	30	**1,064,598**	–
Current liabilities			
Borrowings	30	**5,006,076**	–
Trade and other payables	32	**1,374,549**	491,056
Total current liabilities		**6,380,625**	491,056
Total equity and liabilities		**54,256,342**	47,762,998

The Group is availing of the exemption in Section 304 of the Companies Act 2014 from filing its Company Statement of Comprehensive Income. The loss for the financial year incurred by the Company was €5,216,344 (2021: €3,942,601).

The financial statements were approved by the Board of Directors on 5 May 2023 and signed on its behalf by:

DAVID PALUMBO
Chief Executive Officer

IAN PEARSON
Non-Executive Chairman

The notes on pages 64 to 109 form part of these financial statements.

Company statement of changes in equity
for the financial year ended 31 December 2022

	SHARE CAPITAL €	SHARE PREMIUM €	OTHER RESERVES €	ACCUMULATED DEFICIT €	TOTAL €
Balance at 1 January 2021	**24,355,545**	**81,830,601**	**2,148,220**	**(79,661,097)**	**28,673,269**
Issue of ordinary shares in EQTEC plc (Note 28)	1,402,324	18,206,268	–	–	19,608,592
Conversion of debt into equity (Notes 28 and 30)	167,728	3,285,013	–	–	3,452,741
Issued in acquisition of financial asset (Note 28)	51,533	693,628	–	–	745,161
Share issue costs (Note 28)	–	(1,470,868)	–	–	(1,470,868)
Employee share-based compensation (Note 10)	–	–	205,648	–	205,648
Transactions with owners	**1,621,585**	**20,714,041**	**205,648**	**–**	**22,541,274**
Loss for the financial year (Note 37)	–	–	–	(3,942,601)	(3,942,601)
Total comprehensive loss for the financial year	**–**	**–**	**–**	**(3,942,601)**	**(3,942,601)**
Balance at 31 December 2021	**25,977,130**	**102,544,642**	**2,353,868**	**(83,603,698)**	**47,271,942**
Issue of ordinary shares in EQTEC plc (Note 28)	769,697	3,717,379	–	–	4,487,076
Conversion of debt into equity (Note 28)	52,757	237,672	–	–	290,429
Share issue costs (Note 28)	–	(362,241)	–	–	(362,241)
Employee share-based compensation (Note 10)	–	–	340,257	–	340,257
Transactions with owners	**822,454**	**3,592,810**	**340,257**	**–**	**4,755,521**
Loss for the financial year (Note 37)	–	–	–	(5,216,344)	(5,216,344)
Total comprehensive loss for the financial year	**–**	**–**	**–**	**(5,216,344)**	**(5,216,344)**
Balance at 31 December 2022	**26,799,584**	**106,137,452**	**2,694,125**	**(88,820,042)**	**46,811,119**

"We remain on the edge of accelerated growth, needing to make clear EQTEC's potential for a range of customers and investors in the post-transition energy market."

EQTEC-enabled biomass-to-energy plant in Larissa, Greece, for Agrigas Energy S.A.

The notes on pages 64 to 109 form part of these financial statements.

Company statement of cash flows
for the financial year ended 31 December 2022

	NOTES	2022 €	2021 €
Cash flows from operating activities			
Loss for the financial year before taxation		**(5,216,344)**	(3,942,601)
Adjustments for:			
Amortisation of intangible assets	19	**124,602**	72,685
Employee share-based compensation	10	**151,411**	80,771
Impairment of equity-accounted investments	15	**4,712,490**	–
Reversal of impairment of intercompany loans		**(170,000)**	–
Finance costs	11	**579,137**	508,747
Finance income	11	**(260,720)**	(104,568)
Impairment of intercompany balances		**2,786**	5,627
Change in fair value of other financial investments	23	**326,501**	250,378
(Gain)/loss on debt for equity swap	12	**(10,088)**	1,418,860
Foreign currency losses/(gains) arising from retranslation of borrowings		**349,360**	(280,767)
Operating cash flows before working capital changes		**589,135**	(1,990,868)
Funds advanced to intercompany accounts		**(11,029,109)**	(13,490,118)
Repayment of intercompany balances		**3,832,442**	2,205,863
(Increase) in development assets		**(952,638)**	(296,278)
(Increase) in trade and other receivables		**(5,310,477)**	(283,968)
Increase in trade and other payables		**773,618**	178,869
Net cash used in operating activities		**(12,097,029)**	(13,676,500)
Cash flows from investing activities			
Addition to intangible assets	19	**–**	(1,000,000)
Investment in equity accounted undertakings	21	**–**	(968,324)
Loans advanced to equity accounted undertakings	21	**(528,085)**	(2,036,074)
Investment in subsidiary	20	**(1,550,000)**	(10,000)
Subsidiaries transferred to other subsidiary undertakings		**–**	10,003
Loans to subsidiaries repaid		**170,000**	–
Loans advanced to project development undertakings	25	**–**	(350,000)
Loans repaid by project development undertakings	25	**100,000**	–
Net cash used in investing activities		**(1,808,085)**	(4,354,395)

The notes on pages 64 to 109 form part of these financial statements.

Company statement of cash flows
for the financial year ended 31 December 2021 – continued

	NOTES	2022 €	2021 €
Cash flows from financing activities			
Proceeds from borrowings	30	**7,138,782**	1,391,174
Repayment of borrowings	30	**(919,931)**	(2,866,515)
Proceeds from issue of ordinary shares	28	**4,430,069**	19,420,222
Share issue costs	28	**(274,784)**	(1,180,217)
Loan issue costs	30	**(334,557)**	–
Net cash generated from financing activities		**10,039,579**	16,764,664
Net (decrease)/increase in cash and cash equivalents		**(3,865,535)**	(1,266,231)
Cash and cash equivalents at the beginning of the financial year		**4,845,633**	6,111,864
Cash and cash equivalents at the end of the financial year	27	**980,098**	4,845,633

The notes on pages 64 to 109 form part of these financial statements.

1. GENERAL INFORMATION

EQTEC plc ("the Company") is a company domiciled in Ireland. These financial statements for the financial year ended 31 December 2022 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as 'the Group').

The Group is a waste-to-value group, which uses its proven proprietary Advanced Gasification Technology to generate safe, green energy from over 62 different kinds of feedstock such as municipal, agricultural and industrial waste, biomass, and plastics. The Group collaborates with waste operators, developers, technologists, EPC contractors and capital providers to build sustainable waste elimination and green energy infrastructure.

Our income currently comes from the following streams: 1) project development services; (2) engineering services for design and specification of technology and for advisory work during plant assembly; and (3) sales of equipment manufactured in line with the Companys own patents and specifications. In general, the Company does not intend to own or operate its own technologies, the exceptions being its reference plants, known as Market Development Centres (MDCs), where it might retain some equity and retain an ongoing interest in operations and maintenance of the plants.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

New/revised standards and interpretations adopted in 2022

In the current financial year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union, that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 3 Reference to the Conceptual Framework;
- Amendments to IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021;
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use;
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract;
- Annual improvements to IFRS Standards 2018-2020 cycle:
  - Amendments to IFRS 1 Subsidiary as a First-time Adopter;
  - Amendments to IFRS 9 Fees in the '10 per cent' Test for Derecognition of Assets;
  - Amendments to IFRS 16 Lease Incentives; and
  - Amendments to IAS 41 Taxation in Fair Value Measurements.

New and revised IFRS Standards in issue but not yet effective

The following new and revised Standards and Interpretations have not been adopted by the Group, whether endorsed by the European Union or not. The Group is currently analysing the practical consequences of the new Standards and the effects of applying them to the financial statements. The related standards and interpretations are:

- IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4);
- IFRS 10 and IAS 28 (amendments) Sale of Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies;
- Amendments to IAS 8 Definition of Accounting Estimates;
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3. STATEMENT OF ACCOUNTING POLICIES

Statement of Compliance, Basis of Preparation and Going Concern

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ('EU') and effective at 31 December 2022 for all years presented as issued by the International Accounting Standards Board.

The financial statements of the parent company, EQTEC plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ('EU') effective at 31 December 2022 for all years presented as issued by the International Accounting Standards Board and Irish Statute comprising the Companies Act 2014.

The consolidated financial statements are prepared under the historical cost convention except for certain financial assets and financial liabilities which are measured at fair value. The principal accounting policies set out below have been applied consistently by the parent company and by all of the Company's subsidiaries to all years presented in these consolidated financial statements. Comparative amounts have been re-presented where necessary, to present the financial statements on a consistent basis.

The financial statements are presented in euros and all values are not rounded, except when otherwise indicated.

The Group incurred a loss of €10,525,115 (2021: €4,700,429) during the financial year ended 31 December 2022 and had net current assets of €8,966,819 (2021: €12,656,270) and net assets of €37,132,639 (2021: €43,380,299) at 31 December 2022.

The financial statements have been prepared on a going concern basis. The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement and Chief Executive's Report. The principal risks and uncertainties are set out in the Directors' Report.

Management have produced forecasts for the period up to August 2024 taking account of reasonably plausible changes in trading performance and market conditions, which have been reviewed by the Directors. This review takes into account the current debt facilities available to the Group (as set out in Note 30). The forecasts demonstrate that the Group and Company is forecast to generate cash in 2023/2024 and that the Group has sufficient cash reserves to enable the Group and Company to meet its obligations as they

3. STATEMENT OF ACCOUNTING POLICIES – CONTINUED

Statement of Compliance, Basis of Preparation and Going Concern - continued

fall due for a period of at least 12 months from the date when these financial statements have been signed. Amongst other things, the assessment involved assumptions around collection of receivables from associate and joint venture companies and availability of project funding.

After undertaking the assessments and considering the uncertainties set out above, the Directors have a reasonable expectation that the Group and Company has adequate resources to continue to operate for the foreseeable future and for these reasons they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2022. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the financial year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Step Acquisitions

Business combination achieved in stages is accounted for using acquisition method at acquisition date. The components of a business combination, including previously held investments are remeasured at fair value at acquisition date and a gain or loss is recognised in the consolidated statement of profit or loss.

Profit or loss from discontinued operations

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale (see also policy on non-current assets and liabilities classified as held for sale and discontinued operations below and Note 33).

Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group. When the Group's share of losses on an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of future losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

If there is objective evidence that the Group's net investment in an associate or joint venture is impaired, the requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. STATEMENT OF ACCOUNTING POLICIES – CONTINUED

Investments in related undertaking

Advances paid to acquire investee shares are recognised at cost and will be reclassified to either to investments in associates and joint ventures or investments in subsidiaries, as applicable.

Investments in subsidiaries

Investments in subsidiaries in the Company's statement of financial position are measured at cost less accumulated impairment. When necessary, the entire carrying amount of the investment is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Euro, which is also the functional and presentation currency of the parent company. The Group has subsidiaries in the United Kingdom, whose functional currency is the GBP £.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in consolidated statement of profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than Euro are translated into Euro upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting financial year.

On consolidation, assets and liabilities have been translated into Euro at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Euro at the closing rate. Income and expenses have been translated into Euro at the average rate over the reporting financial year. Exchange differences are charged or credited to consolidated statements of other comprehensive income and recognised in the accumulated deficit reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal. To the extent that foreign subsidiaries are not under the full control of the parent company, the relevant share of currency differences is allocated to the non-controlling interests.

Segment reporting

The Group has two operating segments: the power generation segment and the technology sales segment. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services.

Each operating segment is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services.

For management purposes, the Group uses the same measurement policies as those used in its financial statements. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the Group's central administration costs and directors' salaries.

Revenue

Revenue arises from the rendering of services. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction. The consideration received from these multiple-component transactions is allocated to each separately identifiable component in proportion to its relative fair value. Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Rendering of services

The Group generates revenues from after-sales service and maintenance, consulting, and construction contracts for renewable energy systems. Consideration received for these services is initially deferred, included in other payables, and is recognised as revenue in the financial year when the performance obligation is satisfied. In recognising after-sales service and maintenance revenues, the Group determines the stage of completion by considering both the nature and timing of the services provided and its customer's pattern of consumption of those services, based on historical experience. Where the promised services are characterised by an indeterminate number of acts over a specified year of time, revenue is recognised over time.

Revenue from consulting services is recognised when the services are provided by reference to the contract's stage of completion at the reporting date in the same way as construction contracts for renewable energy systems described below.

3. STATEMENT OF ACCOUNTING POLICIES – CONTINUED

Revenue - continued

Construction contracts for renewable energy systems

Construction contracts for renewable energy systems specify a fixed price for the design, development and installation of biomass systems. When the outcome can be assessed reliably, contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Contract revenue is measured at the fair value of consideration received or receivable and recognised over time on a cost-to-cost method. When the Group cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognised in the financial year in which they are incurred. In either situation, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in consolidated statement of profit or loss.

A construction contract's stage of completion is assessed by management by comparing costs incurred to date with the total costs estimated for the contract (a procedure sometimes referred to as the cost-to-cost method). Only those costs that reflect work performed are included in costs incurred to date. The gross amount due from customers for contract work is presented within trade and other receivables for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. The gross amount due to customers for contract work is presented within other liabilities for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Interest and dividends

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates and joint ventures, are recognised at the time the right to receive payment is established.

Operating expenses

Operating expenses are recognised in consolidated statement of profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Group incurs an obligation, which is typically when the related goods are sold.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment at least annually. Refer below for a description of impairment testing procedures.

Non-controlling interests

Non-controlling interests that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of a liquidation may be initially measured either at fair value of at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value, or, when applicable, on the basis specified in another IFRS.

Property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Property, plant and equipment, are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of leasehold buildings. The following useful lives are applied:

- Leasehold buildings: 5-50 years
- Office equipment: 2-5 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of leasehold buildings are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Construction in progress is stated at cost less any accumulated impairment loss. Cost comprises direct costs of construction as well as interest expense and exchange differences capitalised during the year of construction and installation. Capitalisation of these costs ceases and the asset in course of construction is transferred to fixed assets when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of payments on account and asset in course of construction until it is fully completed and ready for its intended use. Construction in progress is derecognised upon disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the construction in progress (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the asset is derecognised.

Leased assets

The Group as a lessee

The Group makes the use of leasing arrangements principally for the provision of the main office space. The rental contract for offices are typically negotiated for terms of between 3 and 10 years and some of these have extension terms. The Group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration. Some lease contracts contain both lease and non-lease components. The Group has elected to not separate its leases for offices into lease and non-lease components and instead accounts for these contracts as a single lease component.

3. STATEMENT OF ACCOUNTING POLICIES – CONTINUED

Leased assets - continued

Measurement and recognition of leases

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in consolidated statement profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in consolidated statement of profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been presented in separate lines therein.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. All finite-lived intangible assets, including patents, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date The following useful lives are applied:

- Patents: 20 years

Impairment testing of goodwill, intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill. Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

3. STATEMENT OF ACCOUNTING POLICIES – CONTINUED

Impairment testing of goodwill, intangible assets and property, plant and equipment - continued

An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Development assets

Development assets are stated at the lower of cost and net realisable value. Cost comprises direct materials and overheads that have been incurred in furthering the development of a project towards financial close, when project financing is in place so that the project undertaking can commence construction. Net realisable value represents the costs plus an estimated development premium to be earned on the costs at financial close of a project.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value, and trade receivables that do not contain a significant financing component, which are measured at the transaction price in accordance with IFRS 15. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. If the Group issues equity instruments to a creditor to extinguish all or part of a financial liability, the Group recognises in profit or loss the difference between the carrying amount of the financial liability (or part thereof) extinguished and the measurement of the equity instruments issued.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented, the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognised in consolidated statement of profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within administrative expenses.

Financial assets at amortised cost and impairment

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

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

After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group and Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets as fair value through profit or loss (FVPTL)

Financial assets held within a different business model other than 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

This category contains equity investments. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investments at FVOCI. The fair value was determined in line with the requirements of IFRS13 'Fair Value Measurement'.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active markets transactions or using a valuation technique where no active market exists.

Impairment of financial assets

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

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

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

The expected loss rates are based on the payment profile for sales over the past 48 months before 31 December 2022 and 1 January respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product (GDP) and unemployment rates in the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

3. STATEMENT OF ACCOUNTING POLICIES – CONTINUED

Financial instruments - continued

Classification and subsequent measurement of financial liabilities
The Group and Company's financial liabilities include borrowings, lease liabilities, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Fair values

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data

Income taxes

Tax expense recognised in consolidated statement of profit or loss comprises the sum of deferred tax and current tax not recognised in consolidated statement of other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting financial year. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the Group does not recognise deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Non-current assets and liabilities classified as held for sale and discontinued operations

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or remeasurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations (See also policy on profit or loss from discontinued operations above).

Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Accumulated deficit includes all current and prior financial year retained losses. All transactions with owners of the parent are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Share-based payments

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. The Company issues equity- settled share-based payments in the form of share options and warrants to certain Directors, employees and advisors.

Equity-settled share-based payments are made in settlement of professional and other costs. These payments are measured at the fair value of the services provided which will normally equate to the invoiced fees and charged to the consolidated statement of profit or loss, share premium account or are capitalised according to the nature of the fees incurred.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions). Fair value is estimated using the Black-Scholes valuation model. The expected life used in the model has been adjusted on the basis of management's best estimate for the effects of non- transferability, exercise restrictions and behavioural considerations. All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting years or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

3. STATEMENT OF ACCOUNTING POLICIES – CONTINUED

Share-based payments - continued

Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current financial year. The number of vested options ultimately exercised by holders does not impact the expense recorded in any financial year.

Upon exercise of share options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

Warrants

Share warrants issued to shareholders in connection with share capital issues are measured at fair value at the date of issue and treated as a separate component of equity, in Other Reserves. Fair value is determined at the grant date and is estimated using the Black-Scholes valuation model. Share warrants issued separately to Directors, employees and advisors are accounted for in accordance with the policy on share-based payments.

Post-employment benefit plans

The Group provides post-employment benefit plans through various defined contribution plans.

Defined contribution plans
The Group pays fixed contributions into independent entities in relation to several retirement plans and insurances for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Provisions, contingent assets and contingent liabilities

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Going concern
As described in the basis of preparation and going concern in Note 3 above, the validity of the going concern basis is dependent upon the achievement of management forecasts taking account of reasonably plausible changes in trading performance and market conditions. After undertaking the assessments and considering the uncertainties set out above, the Directors have a reasonable expectation that the Group and the Company has adequate resources to continue to operate for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group and Company's ability to continue as a going concern.

Control assessment in a business combination
As disclosed in Note 20, the Group owns 50.02% of the voting rights in Newry Biomass Limited. One other company owns the remaining voting rights. Management has reassessed its involvement in Newry Biomass Limited in accordance with IFRS 10's revised control definition and guidance and has concluded that, based on its sufficiently dominant voting interests to direct its activities, it has control of Newry Biomass Limited.

Interests in joint ventures
The Group holds 50.1% of the share capital of EQTEC Synergy Projects Limited but this entity is considered to be a joint venture as decisions about the relevant activities requires the unanimous consent of both the Group and the joint venture partner.

The Group holds 49% of the share capital of Synergy Karlovac d.o.o. and Synergy Belisce d.o.o. However, these entities are considered to be a joint venture of the Group as decisions about the relevant activities requires the unanimous consent of both the Group and the joint venture partner.

Revenue
As revenue from construction contracts is recognised over time, the amount of revenue recognised in a reporting period depends on the extent to which the performance obligation has been satisfied. It also requires significant judgement in determining the estimated costs required to complete the promised work when applying the cost-to-cost method.

Deferred tax assets
Deferred tax is recognised based on differences between the carrying value of assets and liabilities and the tax value of assets and liabilities. Deferred tax assets are only recognised to the extent that the Group estimates that future taxable profits will be available to offset them. The Group and Company has not recognised any deferred tax assets in the current or prior financial years.

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY – CONTINUED

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of goodwill and non-financial assets

Determining whether goodwill and non-financial assets are impaired requires an estimation of the value in use of the cash generating units to which the assets have been allocated. The value in use calculation requires the directors to estimate the future cash flows to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual cash flows are less than expected, a material impairment may arise. The total property, plant and equipment reversal of impairment charges during the financial year as included in Note 18 amounted to €Nil (2021: €Nil), while the impairment for goodwill during the financial year as included in Note 19 amounted to €Nil (2021: €Nil).

Provision for impairment of equity-accounted investments - Group

Determining whether the carrying value of financial assetsGroup's equity-accounted investments has been impaired requires an estimation of the value in use of the investment in associated undertakings and joint venture vehicles. The value in use calculation requires the directors to estimate the future cash flows expected to arrive from these vehicles and a suitable discount rate in order to calculate present value. After reviewing these calculations, the directors are satisfied that a net impairment cost of €4,712,490 (2021: €Nil) be recognised in the Group accounts of EQTEC plc. Details on equity-accounted investments can be found in note 21.

Provision for impairment of investment in subsidiaries – Company

Determining whether the carrying value of the Company's investment in subsidiaries has been impaired requires an estimation of the value in use of the investment in subsidiaries. The value in use calculation requires the directors to estimate the future cash flows expected to arrive from these vehicles and a suitable discount rate in order to calculate present value. After reviewing these calculations, the directors are satisfied that a net impairment cost of €Nil (2021: €Nil) be recognised in the Company accounts of EQTEC plc. Details on investment in subsidiaries can be found in note 20.

Useful lives and residual values of intangible assets

Intangible assets are amortised over their useful lives taking into account, where appropriate, residual values. Assessment of useful lives and residual values are performed annually, taking into account factors such as technological innovation, market information and management considerations. In assessing the residual value of an asset, its remaining life, projected disposal value and future market conditions are taken into account. Detail on intangible assets can be found in note 19.

Provision for impairment of financial assets

Determining whether the carrying value of Group's financial assets has been impaired requires an estimation of the value in use of the financial assets. The value in use calculation requires the directors to estimate the future cash flows expected to arrive from these vehicles and a suitable discount rate in order to calculate present value. After reviewing these calculations, the directors are satisfied that a net impairment cost of €Nil (2021: €Nil) be recognised in the Group accounts of EQTEC plc. Details on financial assets can be found in Note 22.

Allowances for impairment of loans receivable from project development undertakings

The Group estimates the allowance for doubtful loan receivables based on assessment of specific accounts where the Group has objective evidence comprising default in payment terms or significant financial difficulty that certain borrowers are unable to meet their financial obligations. In these cases, judgement used was based on the best available facts and circumstances including but not limited to, the length of relationship. The Group and Company measure expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL the Group and Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. At 31 December 2022, provisions for doubtful loans receivable amounted to €Nil (2021: €Nil) (see note 25).

Allowances for impairment of trade receivables

The Group estimates the allowance for doubtful trade receivables based on assessment of specific accounts where the Group has objective evidence comprising default in payment terms or significant financial difficulty that certain customers are unable to meet their financial obligations. In these cases, judgement used was based on the best available facts and circumstances including but not limited to, the length of relationship. The Group and Company measure expected credit losses of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions.

When measuring ECL the Group and Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. At 31 December 2022, provisions for doubtful debts amounted to €475,687 which represents 7% of trade receivables at that date (31 December 2021: €475,687– 9%) (see note 26).

Share based payments and warrants

The calculation of the fair value of equity-settled share-based awards and warrants issued in connection with share issues and the resulting charge to the consolidated statement of profit or loss or share-based payment reserve requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards at the date of grant (See Notes 10 and 28).

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY – CONTINUED

Estimation uncertainty- continued

Estimating impairment of development assets

Management estimates the net realisable values of development assets, taking into account the most reliable evidence available at each reporting date. The future realisation of these development assets may be affected by market-driven changes that may reduce future prices/premiums (See Note 25).

5. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The Group and Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, interest rate risk and foreign currency exchange risk.

The Group and Company's financial risk management programme aims to manage the Group's exposure to the aforementioned risks in order to minimise the potential adverse effects on the financial performance of the Group and Company. The Group and Company seeks to minimise the effects of these risks by monitoring the working capital position, cash flows and interest rate exposure of the Group and Company. There is close involvement by members of the Board of Directors in the day-to-day running of the business.

Many of the Group and Company's transactions are carried out in Pounds Sterling.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group and Company. The Group and Company is exposed to credit risk from financial assets including cash and cash equivalents held at banks, trade and other receivables and loans receivable from project development undertakings.

The Group's maximum exposure to credit risk is represented by the balance sheet amount of each financial asset:

	2022 €	2021 €
Loans receivable from project development undertakings (Note 25)	**5,446,087**	3,000,469
Trade and other receivables (Note 26)	**6,094,669**	6,078,047
Cash and cash equivalents (Note 27)	**1,693,116**	6,446,217

The Company's maximum exposure to credit risk is represented by the balance sheet amount of each financial asset:

	2022 €	2021 €
Loans receivable from project development undertakings (Note 25)	**3,421,901**	613,678
Trade and other receivables (Note 26)	**23,552,137**	14,420,185
Cash and cash equivalents (Note 27)	**980,098**	4,845,633

The Group and Company's credit risk is primarily attributable to its loans receivable from project development undertakings and trade and other receivables.

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group's exposure to credit risk arises from defaulting customers, with a maximum exposure equal to the carrying amount of the related receivables. Provisions are made for impairment of trade receivables when there is default of payment terms and significant financial difficulty. On-going credit evaluation is performed on the financial condition of accounts receivable at operating unit level at least on a monthly basis.

The Group had risk exposure to the following counterparties at year-end:

	2022 €	2021 €
Loans receivable from project development undertakings		
Loan receivable from Logik Wte Limited (Note 25)	**2.024,186**	1,538,420
Loan receivable from Shankley Biogas Limited (Note 25)	**2,824,572**	848,371
Trade and other receivables		
Receivable from Synergy Karlovac d.o.o. (Note 34)	**2,245,191**	2,202,884
Receivable from Synergy Belisce d.o.o. (Note 34)	**2,217,523**	1,962,925

5. FINANCIAL RISK MANAGEMENT - CONTINUED

Credit risk - continued

Apart from the above, the Group does not have significant risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related parties. Concentration of credit risk related to the above companies did not exceed 20% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the financial year.

Exposure to credit risk on cash deposits and liquid funds is monitored by directors. Cash held on deposit is with financial institutions in the Ba rating category of Moody's (2021: Ba). The directors are of the opinion that the likelihood of default by a counter party leading to material loss is minimal. The reconciliation of loss allowance is included in Note 26.

Liquidity risk

The Group and Company's liquidity is managed by ensuring that sufficient facilities are available for the Group and Company's operations from diverse funding sources. The Group uses cash flow forecasts to regularly monitor the funding requirements of the Group. The Group's operations are funded by cash generated from financing activities, borrowings from banks and investors and proceeds from the issuance of ordinary share capital.

The table below details the maturity of the Group's contracted liabilities as at 31 December 2022:

	NOTES	UP TO 1 YEAR €	1 – 5 YEARS €	AFTER 5 YEARS €	TOTAL €
Trade and other payables	32	**6,264,404**	**–**	**–**	**6,264,404**
Investor loans	30	**5,180,902**	**1,131,513**	**–**	**6,312,415**
		11,445,306	**1,131,513**	**–**	**12,576,819**

The table below details the maturity of the Group's liabilities as at 31 December 2021:

	NOTES	UP TO 1 YEAR €	1 – 5 YEARS €	AFTER 5 YEARS €	TOTAL €
Trade and other payables	32	6,921,806	–	–	6,921,806
		6,921,806	–	–	6,921,806

Refer to Notes 30 and 32 for the outstanding balance.

Interest rate risk

The primary source of the Group's interest rate risk relates to bank loans and other debt instruments while the Company's interest rate risk relates to debt instruments. The interest rates on these liabilities are disclosed in Note 30.

The Group's bank borrowings and other debt instruments (excluding amounts in the disposal group) amounted to €6,170,636 and €Nil in 31 December 2022 and 31 December 2021, respectively. The Company's bank borrowings and debt instruments amounted to €6,070,674 and €Nil in 31 December 2022 and 31 December 2021, respectively

The interest rate risk is managed by the Group and Company by maintaining an appropriate mix of fixed and floating rate borrowings. The Group does not engage in hedging activities. Bank borrowings and certain debt instruments are arranged at floating rates which are mainly based upon EURIBOR and the prime lending rate of financial institutions thus exposing the Group to cash flow interest rate risk. The other remaining debt instruments were arranged at fixed interest rates and expose the Group to a fixed cash outflow.

These bank borrowings and debt instruments are mostly medium-term to long-term in nature. Interest rates on loans received from investors and shareholders are fixed in some cases while others are a fixed percentage greater than current prime lending rates. 'Medium-term' refers to bank borrowings and debt instruments repayable between 2 and 5 years and 'long-term' to bank borrowings repayable after more than 5 years.

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting financial year. For floating rate liabilities, the analysis is prepared assuming that the amount of the liability outstanding at the end of the financial year was outstanding for the whole year. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in interest rates.

If interest rates have been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the financial year ended 31 December 2022 would increase/decrease by €Nil (2021: €Nil) with a corresponding decrease/increase in equity.

The Group's sensitivity to interest rates has remained constant as a result of obtaining fixed rate borrowings from investors in the year.

5. FINANCIAL RISK MANAGEMENT - CONTINUED

Foreign Exchange risk

The Group and Company is mainly exposed to future changes in the Sterling, the US Dollar and the Croatian Kuna relative to the Euro. These risks are managed by monthly review of Sterling, US Dollar and Croatian Kuna denominated monetary assets and monetary liabilities and assessment of the potential exchange rate fluctuation exposure. The Group and Company's exposure to foreign exchange risk is not actively managed. Management will reassess their strategy to foreign exchange risk in the future.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting financial year are as follows:

	LIABILITIES		ASSETS	
	2022 €	2021 €	2022 €	2021 €
Sterling	**10,475,339**	3,813,537	**6,559,389**	8,208,131
US Dollar	**29,463**	–	**2,076**	25,695
Croatian Kuna	**426,154**	240,247	**5,143,044**	1,212,271

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting financial year are as follows:

	LIABILITIES		ASSETS	
	2022 €	2021 €	2022 €	2021 €
Sterling	**7,274,170**	169,433	**13,894,925**	12,822,699
US Dollar	**27,802**	–	**19,463**	45,549

The following table details the Group and Company's sensitivity to a 10% increase and decrease in the Euro against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in the currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit where the Euro strengthens 10% against the relevant currency. For a 10% weakening of the Euro against the relative currency, there would be a comparable impact on the loss, and the balances below will be negative.

	GROUP		COMPANY	
	2022 €	2021 €	31 DEC 2022 €	31 DEC 2022 €
Sterling Impact: Profit and loss/equity	**395,550**	443,898	**668,763**	1,278,108
US Dollar Impact: Profit & Loss/Equity	**2,766**	2,288	**893**	4,056
Croatian Kuna: Profit and loss/equity	**476,454**	98,184	**–**	–

The Group and Company's sensitivity to foreign currency has increased during the current financial year mainly due to the placing of equity for sterling in the financial year.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates, which are detailed above. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Price risk

The Group is exposed to equity price risk in respect of its investment in Metal NRG plc, which is listed on the London Stock Exchange (see Note 23).

The investment in Metal NRG plc is considered a long-term, strategic investment. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilised in the Group's favour.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. If the quoted stock price for these securities increased or decreased by 5%, the net loss for the year ended 31 December 2022 and 2021 would increase/decrease by €2,910 (2021: €25,349) as a result of the changes in fair value of the investments in listed shares.

6. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the Group is able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of financial liabilities, cash and cash equivalents and equity attributable to the equity holders of the parent company.

The Group's management reviews the capital structure on a yearly basis. As part of the review, management considers the cost of capital and risks associated with it. The Group's overall strategy on capital risk management is to continue to improve the ratio of debt to equity.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

The gearing ratio of the Group for the financial year presented is as follows:

	31 DEC 2022 €	31 DEC 2021 €
Borrowings	**6,170,636**	–
Lease liabilities	**56,531**	257,708
Cash and cash equivalents	**(1,693,116)**	(6,446,217)
Net debt	**4,534,051**	(6,188,509)
Equity attributable to the owners of the company	**39,391,162**	45,764,488
Net debt to equity ratio	**12%**	(14%)

7. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the products and services sold to customers. The Group's reportable segments under IFRS 8 Operating Segments are as follows:

- Technology Sales: Being the sale of Gasification Technology and associated Engineering and Design Services;
- Power Generation: Being the development and operation of renewable energy electricity and heat generating plants.

The chief operating decision maker is the Chief Executive Officer. Information regarding the Group's current reportable segment is presented below. The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	SEGMENT REVENUE		SEGMENT PROFIT/(LOSS)	
	2022 €	2021 €	2022 €	2021 €
Technology Sales	**7,970,072**	9,171,764	**(988,744)**	995,000
Power Generation	**–**	–	**(162)**	(328)
Total from continuing operations	**7,970,072**	9,171,764	**(988,906)**	994,672
Central administration costs and directors' salaries			**(3,785,899)**	(3,554,854)
Impairment costs			**(2,752)**	(5,498)
Other income			**33,645**	–
Other gains/(losses)			**10,088**	(1,418,860)
Change in fair value of financial investments			**(326,501)**	(250,378)
Foreign currency gains			**156,835**	348,885
Employee share-based compensation			**(340,257)**	(205,648)
Share of results from equity accounted investments			**(52,059)**	(24,188)
Gains from sales to equity accounted investments deferred			**(28,378)**	(211,478)
Gain arising from loss of control of subsidiaries			**(489)**	9,957
Impairment of equity-accounted investment			**(4,712,490)**	–
Loss on disposal of tangible asset			**(154,205)**	–
Finance income			**316,805**	134,069
Finance costs			**(589,618)**	(517,108)
Loss before taxation (continuing operations)			**(10,464,181)**	(4,700,429)

7. SEGMENT INFORMATION – CONTINUED

Revenue reported above represents revenue generated from associated companies, jointly controlled entities and external customers. Inter-segment sales for the financial year amounted to €Nil (2021: €Nil). Included in revenues in the Technology Sales Segment are revenues of €4,860,015 (2021: €7,084,872) which arose from sales to associate undertakings and joint ventures of EQTEC plc. This represents 61% (2021: 77%) of total revenues in the financial year. A breakdown of the turnover by associated undertaking and joint venture is set out in Note 34 Related Party Transactions.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment profit or loss represents the profit or loss earned by each segment without allocation of central administration costs and directors' salaries, other operating income, share of profit or loss of jointly controlled entities, profit on disposal of jointly controlled entities, interest costs, interest income and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Other segment information:

	DEPRECIATION AND AMORTISATION		ADDITIONS TO NON-CURRENT ASSETS	
	2022 €	2021 €	2022 €	2021 €
Technology sales	**130,084**	84,381	**83,241**	195,643
Power Generation	**–**	–	**–**	–
Head Office	**233,751**	144,824	**–**	2,708,474
	363,835	229,205	**83,241**	2,904,117

The Group operates in four principal geographical areas: Republic of Ireland (country of domicile), the European Union, the United States of America and the United Kingdom. The Group's revenue from continuing operations from external customers and information about its non-current assets* by geographical location are detailed below:

	REVENUE FROM ASSOCIATES AND EXTERNAL CUSTOMERS		NON-CURRENT ASSETS*	
	2022 €	2021 €	2022 €	2021 €
Republic of Ireland	**–**	–	**–**	–
EU	**5,128,979**	6,734,156	**2,392,776**	2,720,427
United States of America	**–**	2,437,608	**–**	–
United Kingdom	**2,841,093**	–	**35,049**	147,808
	7,970,072	9,171,764	**2,427,825**	2,868,235

* Non-current assets excluding goodwill, financial instruments, deferred tax and investment in jointly controlled entities and associates. The management information provided to the chief operating decision maker does not include an analysis by reportable segment of assets and liabilities and accordingly no analysis by reportable segment of total assets or total liabilities is disclosed.

8. REVENUE

An analysis of the Group's revenue for the financial year (excluding interest revenue), from continuing operations, is as follows:

	2022 €	2021 €
Revenue from technology sales	**4,768,964**	8,022,509
Revenue from development fees	**3,201,108**	1,149,255
	7,970,072	9,171,764

9. OTHER INCOME

	2022 €	2021 €
Other income	**33,645**	–
	33,645	–

10. EMPLOYEE SHARE-BASED PAYMENTS

	2022 €	2021 €
Expensed in the year	**340,257**	205,648

The share-based payment expense includes the cost of employee warrants and options granted and vested in the year (Note 28).

11. FINANCE COSTS AND INCOME

	2022 €	2021 €
Finance Costs		
Interest on loans, bank facilities and overdrafts	**582,620**	41,818
Fees on early redemption of loans	**–**	466,929
Interest expense for leasing arrangements	**5,000**	8,341
Other interest	**1,998**	20
	589,618	517,108
Finance Income		
Interest receivable on loans advanced	**279,839**	121,459
Interest receivable on deferred consideration	**36,966**	12,610
	316,805	134,069

12. OTHER GAINS/(LOSSES)

	2022 €	2021 €
Gain/(loss) on debt for equity swap	**10,088**	(1,418,860)

During the financial year the Group extinguished some of its financial liabilities by issuing equity instruments. In accordance with IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, the gain recognised on these transactions was €10,088 (2021: loss of €1,418,860).

13. EMPLOYEE DATA

The aggregate payroll costs of employees (including executive directors) in the Group were as follows:

	2022 €	2021 €
Salaries	**2,375,349**	1,575,325
Social insurance costs	**543,682**	284,643
Pension costs – defined contribution plans	**64,317**	34,134
Termination payments	**–**	241,061
Other compensation costs:		
Cost of share-based payments	**340,257**	205,648
Short term incentives	**444,690**	506,999
Private health insurance and other insurance costs	**58,897**	15,071
	3,827,192	2,862,881
	No.	No.
Average number of employees (including executive directors)	**27**	19
Company Average number of employees (including executive directors)	**3**	4

Capitalised employee costs in the financial year amounted to €Nil (2021 €Nil).

14. LOSS BEFORE TAXATION

	2022 €	2021 €
Loss before taxation on continuing operations is stated after charging/(crediting):		
Depreciation of property, plant and equipment (Note 18)	**239,233**	156,520
Amortisation of intangible assets (Note 19)	**124,602**	72,685
Movement in fair value of investments (Note 23)	**326,501**	250,378
Research and development	**12,170**	17,991
Gains on foreign exchange	**(156,835)**	(348,885)
Directors' remuneration: (Note 34)		
for services as directors	**112,860**	111,234
for salaries as management	**919,776**	730,496
share-based payments	**185,495**	86,261
compensation for loss of office	**–**	241,061
Impairment of development assets (Note 25)	**2,752**	5,498
Auditor's remuneration:		
Audit of Group accounts	**93,000**	90,000
Tax advisory services	**15,000**	15,000
	108,000	105,000

15. SIGNIFICANT AND NON-RECURRNING TRANSACTIONS

	2022 €	2021 €
Impairment of investment (Note (a))	**4,712,490**	–
Loss on disposal of tangible asset (Note (b))	**154,205**	–

a) These are costs incurred as a result of the Group's associate, North Fork Community Power, LLC ("NFCP") filing for relief under Chapter 11 of the US Bankruptcy Code, following alignment between NFCP managing members, including the Company, with the Lenders. As a result of this filing, the original investment in NFCP has been written off, totalling €4,677,590 (see note 21), while trade receivables to the value of €34,900 have also been written off as a result.

b) This is a loss arising on the disposal of gasification equipment installed in the University of Lorraine for R&D purposes.

16. INCOME TAX

Income tax expense comprises:

	2022 €	2021 €
Current tax expense	–	–
Deferred tax credit	–	–
Adjustment for prior financial years	**60,934**	–
Tax expense	**60,934**	–

	2022 €	2021 €
Loss before taxation	**(10,464,181)**	(4,700,429)
Applicable tax 12.50% (2021: 12.50%)	**(1,308,023)**	(587,554)
Effects of:		
Amortisation & depreciation in excess of capital allowances	**45,479**	28,475
Expenses not deductible for tax purposes	**690,421**	234,361
Losses carried forward	**572,123**	324,718
Current tax expense	–	–
Adjustment for prior financial years	**60,934**	–
Actual tax expense	**60,934**	–

The tax rate used for the reconciliation above is the corporate rate of 12.5% payable by corporate entities in Ireland on taxable profits under tax law in that jurisdiction.

17. LOSS PER SHARE

	2022 € PER SHARE	2021 € PER SHARE
Basic loss per share		
From continuing operations	**(0.001)**	(0.001)
From discontinued operations	–	–
Total basic loss per share	**(0.001)**	(0.001)
Diluted loss per share		
From continuing operations	**(0.001)**	(0.001)
From discontinued operations	–	–
Total diluted loss per share	**(0.001)**	(0.001)

The loss and weighted average number of ordinary shares used in the calculation of the basic and diluted loss per share are as follows:

	2022 €	2021 €
Loss for financial year attributable to equity holders of the parent	**(10,525,104)**	(4,700,497)
Profit for the financial year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	–	–
Losses used in the calculation of basic loss per share from continuing operations	**(10,525,104)**	(4,700,497)
	No.	**No.**
Weighted average number of ordinary shares for the purposes of basic loss per share	**8,966,084,275**	7,956,449,726
Weighted average number of ordinary shares for the purposes of diluted loss per share	**8,966,084,275**	7,956,449,726

17. LOSS PER SHARE – CONTINUED

Dilutive and anti-dilutive potential ordinary shares

The following potential ordinary shares were excluded in the diluted earnings per share calculation as they were anti-dilutive.

	2022	2021
Share warrants in issue	**459,880,963**	464,005,793
Share options in issue	**67,304,542**	67,304,542
LTIP options in issue	**148,810,863**	21,124,586
Convertible loans	**391,885,288**	–
Total anti-dilutive shares	**1,067,881,656**	552,434,921

Details of share warrants and share options in issue outstanding at year-end are set out in Note 28.

Events after the year-end

As disclosed in Note 35, 2,105,669,080 ordinary shares were issued on 21 March 2023 and a further 1,105,828 ordinary shares were issued on 21 April 2023. If these shares were in issue prior to 31 December 2022, they would have affected the calculation of the weighted average number of shares in issue for the purposes of calculating both the basic and diluted loss per share by 175,564,576 (assuming the shares were issued in December 2022).

18. PROPERTY, PLANT AND EQUIPMENT

GROUP	RIGHT OF USE ASSETS €	OFFICE EQUIPMENT €	CONSTRUCTION IN PROGRESS €	TOTAL €
Cost				
At 1 January 2021	354,718	63,342	–	418,060
Additions	219,301	–	192,757	412,058
Exchange differences	5,297	–	–	5,297
At 31 December 2021	**579,316**	**63,342**	**192,757**	**835,415**
Additions	4,042	29,199	50,000	83,241
Disposals	–	–	(192,757)	(192,757)
Exchange differences	(11,420)	–	–	(11,420)
At 31 December 2022	**571,938**	**92,541**	**50,000**	**714,479**
Accumulated depreciation				
At 1 January 2021	166,926	63,342	–	230,268
Charge for the financial year	156,520	–	–	156,520
Exchange differences	1,766	–	–	1,766
At 31 December 2021	**325,212**	**63,342**	**–**	**388,554**
Charge for the financial year	197,016	3,666	38,551	239,233
Charge on disposal	–	–	(38,551)	(38,551)
Exchange differences	(7,810)	–	–	(7,810)
At 31 December 2022	**514,418**	**67,008**	**–**	**581,426**
Carrying amount				
At 31 December 2021	254,104	–	192,757	446,861
At 31 December 2022	**57,520**	**25,533**	**50,000**	**133,053**

18. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	2022 €	2021 €
Leasehold buildings	**57,520**	254,104

COMPANY	OFFICE EQUIPMENT €	TOTAL €
Cost		
At 1 January 2021, at 31 December 2021 and at 31 December 2022	**1,233**	**1,233**
Accumulated depreciation		
At 1 January 2021, at 31 December 2021 and at 31 December 2022	**1,233**	**1,233**
Carrying amount		
At 1 January 2022	–	–
At 31 December 2022	**–**	**–**

19. INTANGIBLE ASSETS

GROUP	GOODWILL €	PATENTS €	TOTAL €
Cost			
At 1 January 2021	16,710,497	–	16,710,497
Additions, separately acquired	–	2,492,059	2,492,059
At 31 December 2021 and at 31 December 2022	**16,710,497**	**2,492,059**	**19,202,556**
Amortisation and Impairment			
At 1 January 2021	1,427,038	–	1,427,038
Amortisation	–	72,685	72,685
At 31 December 2021	**1,427,038**	**72,685**	**1,499,723**
Amortisation	–	124,602	125,602
At 31 December 2022	**1,427,038**	**197,287**	**1,624,325**
Carrying value			
At 31 December 2021	15,283,459	2,419,374	17,702,833
At 31 December 2022	**15,283,459**	**2,294,772**	**17,578,231**

19. INTANGIBLE ASSETS – CONTINUED

COMPANY	PATENTS €	TOTAL €
Cost		
At 1 January 2021	–	–
Additions	2,492,059	2,492,059
At 31 December 2021 and as at 31 December 2022	**2,492,059**	**2,492,059**
Amortisation and Impairment		
At 1 January 2021	–	–
Amortisation	72,685	72,685
At 31 December 2021	**72,685**	**72,685**
Amortisation	124,602	124,602
At 31 December 2022	**197,287**	**197,287**
Carrying value		
At 31 December 2021	2,419,374	2,419,374
At 31 December 2022	**2,294,772**	**2,294,772**

Patents

During the year ended 31 December 2021, the Group acquired patents from a company controlled by one of the directors. Patents are amortised over their estimated useful lives, which is on average 20 years. The average remaining amortisation period for these patents is 18.4 years (2021: 19.4 years).

Goodwill

Cash-generating units

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. The CGUs represent the lowest level within the Group at which the associated goodwill is assessed for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 Operating Segments. A total of 1 CGUs (2021: 1) have been identified and these are all associated with the Technology Sales Segment. The carrying value of the goodwill within the Technology Sales Segment is €15,283,459 (2021: €15,283,459).

In accordance with IAS 36 Impairment of Assets, the CGUs to which significant amounts of goodwill have been allocated are as follows:

	2022 €	2021 €
EQTEC Iberia SLU	**15,283,459**	15,283,459

For the purpose of impairment testing, the discount rates applied to this CGU to which significant amounts of goodwill have been allocated was 11.78% (2021: 14%) for the EQTEC Iberia CGU.

19. INTANGIBLE ASSETS – CONTINUED

Annual test for impairment

Goodwill acquired through business combinations has been allocated to the above CGU for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of the CGU is greater than the present value of the cash that it is expected to generate (i.e the recoverable amount). The Group reviews the carrying value of each CGU at least annually or more frequently if there is an indication that a CGU may be impaired.

The recoverable amount of each CGU is determined from value-in-use calculations. The forecasts used in these calculations are based on a financial plan approved by the Board of Directors, plus 5-year projections forecasted by management, and specifically excludes any future acquisition activity.

The value in use calculation represents the present value of the future cash flows, including the terminal value, discounted at a rate appropriate to each CGU. The real pre-tax discount rates used is 11.78% (2021: 14%). These rates are based on the Group's estimated weighted average cost of capital, adjusted for risk, and are consistent with external sources of information.

The cash flows and the key assumptions used in the value in use calculations are determined based on management's knowledge and expectation of future trends in the industry. Expected future cash flows are, however, inherently uncertain and are therefore liable to material change over time. The key assumptions used in the value in use calculations are subjective and include projected EBITDA margins, net cash flows, discount rates used and the duration of the discounted cash flow model.

The directors performed sensitivity analysis to account for changes in value in use calculation due to potential delays in commencement of the projects. The following are the sensitivities performed:

- Revenues being risk adjusted between 30% to 80% based on the project specific probabilities.
- Reduction in gross margin to 11%
- 5% increase in discount rate
- Zero percentage long term growth rate (year 6 onwards)

All of these sensitivity analysis resulted in no impairment. An impairment loss of €Nil (2021: €Nil) has been calculated for the financial year ended 31 December 2022.

20. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

COMPANY	2022 €	2021 €
At beginning of financial year	**17,994,504**	17,869,630
Contribution to capital in EQTEC Iberia	**1,550,000**	–
Investment in other subsidiaries	**–**	10,000
Transfer of investment in subsidiaries to other subsidiary undertakings	**–**	(10,003)
Foreign currency movement	**(3,864)**	–
Share options and awards	**188,846**	124,877
At end of financial year	**19,729,486**	17,994,504

The share options and awards addition reflect the cost of share-based payments attributable to employees of subsidiary undertakings, which are treated as capital contributions by the Company.

20. INVESTMENT IN SUBSIDIARY UNDERTAKINGS – CONTINUED

Details of EQTEC plc subsidiaries at 31 December 2022 are as follows:

NAME	COUNTRY OF INCORPORATION	SHAREHOLDING	REGISTERED OFFICE	PRINCIPAL ACTIVITY
EQTEC Iberia SLU	Spain	100%	5	Provision of technical engineering services
EQTEC Holdings Limited	Republic of Ireland	100%	1	Development of building projects
EQTEC UK Services Limited	United Kingdom	100%	2	Development of building projects
Haverton WTV Limited	United Kingdom	100%	2	Waste-to-energy developer
Deeside WTV Limited	United Kingdom	100%	2	Waste-to-energy developer
Southport WTV Limited	United Kingdom	100%	2	Waste-to-energy developer
EQTEC Southport H2 MDC Limited	United Kingdom	100%	2	Waste-to-energy developer
Newry Biomass No. 1 Limited	Republic of Ireland	100%	1	Dormant company
React Biomass Limited	Republic of Ireland	100%	1	Dormant company
Reforce Energy Limited	Republic of Ireland	100%	1	Dormant company
Grass Door Limited	United Kingdom	100%	3	Dormant company
Newry Biomass Limited	Northern Ireland	50.02%	4	Dormant company
Enfield Biomass Limited	United Kingdom	100%	3	Dormant company
Moneygorm Wind Turbine Limited	Republic of Ireland	100%	1	Dormant company
EQTEC No. 1 Limited	Republic of Ireland	100%	1	Dormant company
EQTEC Strategic Project Finance Limited	United Kingdom	100%	3	Dormant company
Clay Cross Biomass Limited	United Kingdom	100%	3	Dormant company
Altilow Wind Turbine Limited	Republic of Ireland	100%	1	Dormant company
Synergy Projects d.o.o.	Croatia	100%	6	Waste-to-energy developer
EQTEC France SAS	France	100%	7	Waste-to-energy developer
Grande-Combe SAS	France	100%	7	Waste-to-energy developer

The shareholding in each company above is equivalent to the proportion of voting power held.

Key to registered offices:

1. Building 1000, City Gate, Mahon, Cork T12 W7CV, Ireland.
2. Acre House, 11/15 William Road, London NW1 3ER, England.
3. Labs Triangle, Camden Lock Market, Chalk Farm Road, London NW1 8AB, England.
4. 68 Cloughanramer Road, Carnmeen, Newry, Co. Down BT34 1QG, Northern Ireland.
5. Rosa Sensat nº 9-11 Planta 5ª, 08005 Barcelona, Spain.
6. Zagorska 31, HR-10000 Zagreb, Croatia.
7. 28 Cours Albert 1er, 75008 Paris, France.

20. INVESTMENT IN SUBSIDIARY UNDERTAKINGS – CONTINUED

The table below shows details of non-wholly owned subsidiaries of the Group that have non-controlling interests:

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS AND PLACE OF INCORPORATION	PROPORTION OF OWNERSHIP INTERESTS AND VOTING RIGHTS HELD BY NON-CONTROLLING INTERESTS		PROFIT/(LOSS) ALLOCATED TO NON-CONTROLLING INTERESTS FOR THE FINANCIAL YEAR		NON-CONTROLLING INTERESTS	
		2022 €	2021 €	2022 €	2021 €	2022 €	2021 €
Newry Biomass Limited	Northern Ireland	**49.98**	49.98	**(11)**	68	**(2,363,523)**	(2,489,189)
Individually immaterial subsidiaries with non-controlling interests		**0.00**	0.00	**–**	–	**105,000**	105,000
Total				**(11)**	68	**(2,258,523)**	(2,384,189)

EQTEC plc owns 50.02% of the voting rights in Newry Biomass Limited. One other company owns the remaining voting rights. Management has reassessed its involvement in Newry Biomass Limited in accordance with IFRS 10's revised control definition and guidance and has concluded that it has control of Newry Biomass Limited. The activities of Newry Biomass Limited are not considered material to the Group as a whole.

No dividends were paid to the non-controlling interests during the years ended 31 December 2022 and 2021.

During the year ended 31 December 2021, the Group set up two subsidiaries, Synergy Belisce d.o.o. and Synergy Karlovac d.o.o. that were initially accounted for as an investment in subsidiaries. On 26 November 2021, the Group disposed of 51% of its share in the two companies to Sense ESCO d.o.o. for proceeds of €2,709 (receivable after the year-end). The Group has accounted for the remaining 49% interest in these companies as an investment in joint ventures. The transaction has resulted in the recognition of a gain in profit and loss, calculated as follows:

	€
Proceeds of disposal	2,709
Plus: Fair value of investment retained (49%)	489
Add: Carrying amount of net liabilities of investments on the date of loss of control	6,759
Gain recognised	**9,957**

21. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2022 €	2021 €
GROUP		
Investment in associate undertakings (a)	**4,263,604**	6,951,064
Investment in joint ventures (b)	**3,355,910**	1,123,120
	7,619,514	8,074,184
COMPANY		
Investment in associate undertakings (a)	**2,728,959**	6,569,432
a) Investment in associate undertakings		
GROUP		
At beginning of financial year	**6,951,064**	3,379,625
Derecognition of loans	**–**	(1,150,619)
Derecognition of investment arising from Chapter 11 (Note 15)	**(4,677,590)**	–
Investment in shares	**6,790**	2,458,584
Loans advanced to associate undertakings	**528,085**	2,272,113
Receivables converted into loans to associate undertakings	**1,161,000**	–
Interest accrued on loans to associate undertakings	**196,188**	64,693
Share of loss of associate undertakings	**(31,626)**	(19,441)
Adjustment in respect of unrealised sales from the Group	**(907)**	(101,296)
Exchange differences	**130,600**	47,405
At end of financial year	**4,263,604**	6,951,064
Made up as follows:		
Investment in shares in associate undertakings	**2,777,249**	4,597,855
Loans advanced to associate undertakings	**1,656,573**	2,384,248
Less: Losses recognised under the equity method	**(170,218)**	(31,039)
	4,263,604	6,951,064

Investment in associate undertakings

Details of the Group's interests in associated undertakings at 31 December 2022 is as follows:

NAME OF ASSOCIATE UNDERTAKING	COUNTY OF INCORPORATION	SHAREHOLDING		PRINCIPAL ACTIVITY
		2022	2021	
North Fork Community Power LLC	United States of America	49%	49%	Operator of biomass gasification power project
EQTEC Italia MDC srl	Italy	19.99%	20.02%	Operator of biomass gasification power project

21. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – CONTINUED

On 22 November 2022, it was announced that, to fund additional investments in the project, EQTEC Italia MDC SRL raised c. € 1.45 million through a combination of shareholder loans and equity from the Group and one of the other investors, each subscribing approximately for half of the amount, resulting in a change to relative ownership of the SPV. The Group's share remains largely unchanged (going from 20.02% to 19.99%) as the majority of its participation was through a shareholder loan, intended to be repaid with a bank refinance after COD (Commercial Operations Date).

On 12 October 2022, it was announced that North Fork Community Power, LLC ("NFCP") has entered into an agreement for a financial restructuring with the project lenders ("Lenders"), for the provision of a standby facility, in the amount of USD 4.3 million, towards full funding of the project up to the commercial operations date ("COD") of a plant, with EQTEC technology at its core, in North Fork California, USA (the "Plant"). The third-party funding has been agreed as part of a pre-negotiated petition filed by NFCP for relief under Chapter 11 of the US Bankruptcy Code, following alignment between NFCP managing members, including the Company, with the Lenders.

As part of the agreed terms, it was specified that the Group will remain as an equity shareholder in NFCP with the final shareholding being determined during the legal process post 31 December 2022 as 28.52%. However, any further drawdown on the convertible loan facility committed by the Group in 2021, of which c. USD 1.5 million remains undrawn, will no longer apply thereby preserving the Company's financial resources. The Group has no plans to make any further investments into NFCP. The Group has written off its initial investment in NFCP as per Note 15 arising from above.

Summarised financial information in respect of the Group's interests in associated undertakings is as follows:

	2022			2021		
	NORTH FORK €	EQTEC ITALIA €	TOTAL €	NORTH FORK €	EQTEC ITALIA €	TOTAL €
Non-current assets	**1,738,412**	**5,687,496**	**7,425,908**	46,469	2,155,006	2,201,475
Current assets	**27,869,071**	**141,018**	**28,010,089**	23,555,070	454,946	24,010,016
Non-current liabilities	**(25,064,040)**	**(4,875,541)**	**(29,939,581)**	(19,422,943)	(2,542,001)	(21,964,944)
Current liabilities	**90,586**	**(869,152)**	**(778,566)**	74,253	(110,805)	(36,552)
Net Assets	**4,634,029**	**83,821**	**4,717,850**	4,252,849	(42,854)	4,209,995
Reconciliation to carrying amount						
Group's share of net assets/(liabilities)	**2,270,674**	**16,743**	**2,287,417**	2,083,896	(8,589)	2,075,307
Carrying value of loan to associate	**–**	**1,656,573**	**1,656,573**	1,891,842	492,406	2,384,248
Adjustment in respect of unrealised profits on sales from the Group	**(78,846)**	**(23,358)**	**(102,204)**	(78,846)	(22,450)	(101,296)
Adjustment arising from Chapter 11	**(1,948,631)**	**–**	**(1,948,631)**			
Exchange differences	**(1,467,946)**	**–**	**(1,467,946)**	(1,245,590)	–	(1,245,590)
Goodwill	**3,838,395**	**–**	**3,838,395**	3,838,395	–	3,838,395
Carrying amount	**2,613,646**	**1,649,958**	**4,263,604**	6,489,697	461,367	6,951,064
Summarised income statement						
Revenue	**6,105**	**–**	**6,105**	12,888	–	12,888
(Loss)/Profit after tax for period	**(73,613)**	**12,937**	**(60,676)**	3,481	(92,852)	(89,371)
Other comprehensive income	**–**	**–**	**–**	–	–	–
Total comprehensive income/(loss)	**(73,613)**	**12,937**	**(60,676)**	3,481	(92,852)	(89,371)
Reconciliation to Group's share of total comprehensive income						
Group's share of total comprehensive income	**(34,216)**	**2,590**	**(31,626)**	(852)	(18,589)	(19,441)
Group's share of total comprehensive income	**(34,216)**	**2,590**	**(31,626)**	(852)	(18,589)	(19,441)

21. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – CONTINUED

COMPANY	2022 €	2021 €
At beginning of financial year	**6,569,432**	3,379,625
Derecognition of loans	**–**	(1,150,619)
Derecognition of investment arising from Chapter 11	**(4,677,590)**	–
Investment in shares	**–**	2,448,584
Loans advanced to associate undertakings	**528,085**	1,790,113
Interest accrued on loans to associate undertakings	**177,069**	54,287
Exchange differences	**131,963**	47,442
At end of financial year	**2,728,959**	6,569,432
Made up as follows:		
Investment in shares in associate undertakings	**2,728,959**	4,677,590
Loans advanced to associate undertakings	**–**	1,891,842
At end of financial year	**2,728,959**	6,569,432

b) Investment in joint ventures

The Group's interests in joint ventures at the end of the reporting period is as follows

GROUP	2022 €	2021 €
Synergy Belisce d.o.o.	**2,171,174**	506,664
Synergy Karlovac d.o.o.	**1,091,612**	519,437
EQTEC Synergy Projects Limited	**93,124**	97,019
Interests in joint ventures	**3,355,910**	1,123,120

Details of the Group's interests in joint ventures is as follows:

		SHAREHOLDING		
NAME OF JOINT VENTURE	COUNTRY OF INCORPORATION	2022	2021	PRINCIPAL ACTIVITY
Synergy Belisce d.o.o.	Croatia	49%	49%	Operator of biomass gasification power project
Synergy Belisce d.o.o.	Croatia	49%	49%	Operator of biomass gasification power project
EQTEC Synergy Projects Limited	Cyrprus	50.1%	50.1%	Operator of biomass gasification power project
Synergy Projects Aegean Energy Production and Distribution Society SA.	Greece	50.1%	–	Holding company
Synergy Drama Single Member PC	Greece	50.1%	–	Operator of biomass gasification power project
Synergy Livadia Single Member PC	Greece	50.1%	–	Operator of biomass gasification power project

The joint ventures have share capital, consisting solely of ordinary shares. Decisions about the relevant activities of the joint ventures require unanimous consent of the Group and the respective joint venture partners.

a) Synergy Belisce d.o.o. was set up in April 2021 as a 100% subsidiary of Synergy Projects d.o.o., a 100% subsidiary of the Group. On 26 November 2021, the Group's Croatian project development partner, Sense ESCO d.o.o. subscribed for additional shares in Synergy Belisce d.o.o. which resulted in the Group owning 49% of the equity of the joint venture. Synergy Belisce d.o.o. has acquired a 1.2 MWe waste-to-energy gasification plant in Belisce, Croatia which had been built in 2016 around EQTEC's proprietary and patented Advanced Gasification Technology. The plant is expected to be updated, recommissioned and repowered for operations towards the end of 2023.

21. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – CONTINUED

b) Synergy Karlovac d.o.o. was set up in April 2021 as a 100% subsidiary of Synergy Projects d.o.o., a 100% subsidiary of the Group. On 26 November 2021, the Group's Croatian project development partner, Sense ESCO d.o.o. subscribed for additional shares in Synergy Karlovac d.o.o. which resulted in the Group owning 49% of the equity of the joint venture. Synergy Karlovac d.o.o. Synergy Karlovac d.o.o. has acquired a 1.2 MWe waste-to-energy gasification plant in Karlovac, Croatia which originally employed an early gasification technology from a third party. The plant was not able to achieve the designed operational availability and had to be closed. The Group's intention is to redesign and reconfigure the Plant to incorporate the patented, proprietary EQTEC Advanced Gasification Technology at the centre. When subsequently commissioned, it will transform locally sourced wood chips and forestry wood waste from regional forests into green electricity for use by the local community. The plant is expected to be updated, recommissioned and repowered for operations towards the end of 2023.

c) EQTEC Synergy Projects Limited was set up in 2020 in partnership with its Greek strategic partners, ewerGy GmbH. The Group owns 50.1% of the equity of the joint venture. The joint venture has signed an agreement for the proposed acquisition of a 5MWe project in Drama, North-eastern Greece. Once acquired, the joint venture will lead the development of a new biomass-to-energy plant, generating 5MW green electricity from locally and sustainably sourced forestry waste. Due diligence, including financial and technical feasibility, has been completed. To facilitate the structure of these projects, a holding company, Synergy Projects Aegean Energy Production and Distribution Society SA, has been set up by EQTEC Synergy Projects Limited, which holds 100% of the shares in two further companies: Synergy Drama Single Member PC and Synergy Livadia Single Member PC.

The movement in the investment in joint ventures is as follows:

	2022 €	2021 €
At the beginning of the year	**1,123,120**	–
Investment in joint ventures	**–**	501
Fair value retained on disposal of control in subsidiary	**–**	490
Impairment of fair value of joint venture	**(489)**	–
Loans advanced to joint ventures	**2,324,614**	1,228,909
Loans repaid by joint ventures	**(40,018)**	–
Interest receivable on loans to joint ventures	**–**	6,485
Share of loss after tax	**(20,433)**	(4,747)
Unrealised profits on sales to joint ventures	**(27,470)**	(110,182)
Exchange differences	**(3,414)**	1,664
Interests in joint ventures	**3,355,910**	1,123,120
Made up as follows:		
Investment in shares in joint ventures	**–**	–
Loans advanced to associate ventures	**3,517,979**	1,237,059
Less: Losses recognised under the equity method	**(162,069)**	(113,939)
	3,355,910	1,123,120

21. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – CONTINUED

Summarised financial information for joint ventures accounted for using the equity method

Set out below is the summarised financial information for the Group's joint ventures which are accounted for using the equity method. The information below reflects the amounts presented in the financial statements of the joint ventures reconciled to the carrying value of the Group's investments in joint ventures.

	2022				2021			
2022	SYNERGY BELISCE D.O.O. €	SYNERGY KARLOVAC D.O.O. €	EQTEC SYNERGY PROJECTS LIMITED GROUP €	TOTAL €	SYNERGY BELISCE D.O.O. €	SYNERGY KARLOVAC D.O.O. €	EQTEC SYNERGY PROJECTS LIMITED GROUP €	TOTAL €
Summarised balance sheet (100%)								
Non-current assets	**4,278,173**	**3,235,696**	**–**	**7,513,869**	4,043,271	3,128,485	–	7,171,756
Current assets								
Cash and Cash equivalents	**124**	**580**	**424**	**1,128**	640	747	10,412	11,799
Other current assets	**187,340**	**168,592**	**203,022**	**558,954**	133,308	123,510	200,499	457,317
	187,464	**169,172**	**203,446**	**560,082**	133,948	124,257	210,911	469,116
Non-current liabilities	**–**	**–**	**–**	**–**	–	–	–	–
Current liabilities								
Bank overdrafts and loans	**2,250,880**	**1,174,339**	**100,000**	**3,525,219**	555,331	588,987	100,000	1,244,318
Other current liabilities	**2,212,103**	**2,259,812**	**117,521**	**4,589,436**	3,613,016	2,666,235	116,860	6,396,111
	4,462,983	**3,434,151**	**217,521**	**8,114,655**	4,168,347	3,255,222	216,860	7,640,429
Net (liabilities)/assets (100%)	**2,654**	**(29,283)**	**(14,075)**	**(40,704)**	8,872	(2,480)	(5,949)	443
Reconciliation to carrying amount:								
Group's share of net assets/ (liabilities)	**1,300**	**(14,349)**	**(6,876)**	**(19,925)**	4,347	(1,215)	(2,981)	151
Carrying value of loans to joint ventures	**2,247,366**	**1,170,613**	**100,000**	**3,517,979**	551,808	585,251	100,000	1,237,059
Unrealised gains on sales to joint ventures	**(72,655)**	**(64,997)**	**–**	**(137,652)**	(45,185)	(64,997)	–	(110,182)
Exchange differences	**(4,348)**	**345**	**–**	**(4,003)**	–	–	–	–
Adjustment arising on loss of control in period	**(489)**	**–**	**–**	**(489)**	(4,306)	398	–	(3,908)
Carrying amount	**2,171,174**	**1,091,612**	**93,124**	**3,355,910**	506,664	519,437	97,019	1,123,120

21. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – CONTINUED

	2022				2021			
	SYNERGY BELISCE D.O.O. €	SYNERGY KARLOVAC D.O.O. €	EQTEC SYNERGY PROJECTS LIMITED GROUP €	TOTAL €	SYNERGY BELISCE D.O.O. €	SYNERGY KARLOVAC D.O.O. €	EQTEC SYNERGY PROJECTS LIMITED GROUP €	TOTAL €
Summarised income statement (100%)								
Revenue	–	–	–	–	–	–	–	–
Depreciation	–	–	–	–	–	–	–	–
Amortisation	–	–	–	–	–	–	–	–
Interest expenses	–	**23**	–	**23**	–	–	–	–
Taxation	–	–	–	–	–	–	–	–
Loss after tax	**(6,584)**	**(27,167)**	**(7,776)**	**(41,527)**	(917)	(1,666)	(6,949)	(9,532)
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive loss	**(6,584)**	**(27,167)**	**(7,776)**	**(41,527)**	(917)	(1,666)	(6,949)	(9,532)
Reconciliation to Group's share of total comprehensive income								
Group's share of total comprehensive loss	**(3,226)**	**(13,312)**	**(3,896)**	**(20,434)**	(449)	(816)	(3,482)	(4,747)
Group's share of total comprehensive loss	**(3,226)**	**(13,312)**	**(3,896)**	**(20,434)**	(449)	(816)	(3,482)	(4,747)

22. FINANCIAL ASSETS

GROUP	2022 €	2021 €
Investment in related undertakings		
At beginning of the financial year	**4,050,030**	2,570,888
Advance payment on purchase of in shares in Logik WTE Limited	**–**	1,034,825
Advance payment on purchase of shares in Shankley Biogas Limited	**–**	116,272
Derecognition of investment in Shankley Biogas Limited	**(113,644)**	–
Exchange differences	**(207,952)**	328,045
At end of the financial year	**3,728,434**	4,050,030

Investment in Logik WTE Limited

On 8 December 2020, EQTEC announced that EQTEC's wholly owned subsidiary, Deeside WTV Limited ("Deeside"), had signed a Share Purchase Agreement (the "SPA") with Logik Developments Limited ("Logik") to acquire full ownership of the Deeside Refuse Derived Fuel ("RDF") project (the "Project") from Logik through the acquisition of Logik WTE Limited ("Logik WTE").

The key terms of the SPA were as follows:

- Initial consideration of £2,310,000 of which a deposit amount of £300,000, from which the existing exclusivity payment of £100,000 was deducted, was payable on signing of the SPA and the balance of £2,010,000 payable on or before a date 12 months from the date of signing of the SPA (and which sum shall be netted off the existing debts of Logik WTE).
- Additional deferred conditional consideration of £2,290,000 payable on the achievement of certain conditions precedent related to development milestones of the Project.
- The issue of a fixed dividend share in Deeside WTV to Logik, which gives the Logik the right to 5% of distributable profits in Deeside WTV. This share carries no voting rights in Deeside WTV.
- An additional development premium or overage payment, subject to a maximum further amount of £5.4 million, calculated in accordance with an agreed formula payable on the achievement of each of the following
  - (i) Financial close on the funding for the Waste Reception & Anaerobic Digestion plant on the site for which planning and the necessary permits have been obtained ("Project Phase I").
  - (ii) Financial close as defined on the funding for the Advanced Gasification plant on the site for which planning and the necessary permits have been obtained ("Project Phase II").

22. FINANCIAL ASSETS – CONTINUED

On 6 December 2021, EQTEC announced that Deeside has signed a binding supplemental agreement (the "Agreement") with Logik.

On 1 April 2022, EQTEC announced that Deeside has signed a binding supplemental agreement (the "Supplemental Agreement") with Logik. The Supplemental Agreement, inter alia, sets out the terms on which Logik and Deeside (together, the "Parties") have agreed to vary the terms of the share purchase agreement signed by the Parties on 7 December 2020, as amended by the supplemental agreement announced on 6 December 2021 (the "Existing SPA").

The Key terms of the Supplemental Agreement were as follows:

- Deeside acquire 32% of the share capital of Logik WTE Limited (the "Project SPV"), the entity which holds the land and necessary planning permissions for the Deeside RDF project (the "Project"), with the consideration to be satisfied by the settlement of advances from the Group to Logik and the Project SPV in an amount of c. £2.3 million;
- Completion of Deeside's acquisition of the interest in the share capital in the Project SPV is subject to third party consent and is expected to complete on or before 30 June 2022;
- Parties are in discussions to procure a buyer for the Project SPV at a minimum valuation of £15 million. Subject to the sale of the Project SPV, EQTEC will invoice up to £2 million for its project development services to the Project SPV (such fee to be reduced on a pound for pound basis if the investment received is less than £17 million), subject to certain conditions to be finalised and agreed as part of ongoing discussions with potential buyers; and
- While the amendment of the Existing SPA to extend the completion date to 30 June 2022 is immediately effective, the Parties have agreed to act in good faith and to use all reasonable endeavours to implement the additional undertakings and agreements in the Supplemental Agreement, including to amend the terms of the Existing SPA and to finalise other necessary documentation such as a shareholders' agreement for the Project SPV.

On 30 June 2022, EQTEC confirmed that, further to its announcement on 1 April 2022, Deeside and Logik had reached an agreement to further extend the date for completing the share purchase agreement signed by Deeside and Logik to 31 August 2022.

On 26 September 2022, EQTEC announced that the Company, Deeside and Logik had signed non-binding Heads of Terms ("HoTs") for the acquisition by a publicly quoted corporate investor ("Investor") of the project at Deeside, Flintshire, UK. To facilitate this transaction, Deeside and Logik had agreed to further extend the longstop date specified in the share purchase agreement to 28 February 2023 (the "Long Stop Date"). Details of further updates on this deal post year-end are set out in Note 35.

Contracts have been exchanged but completion as defined in the Agreement had not occurred at the year-end, and as a result Logik WTE Limited is not considered a joint venture of the Group at 31 December 2022.

In these financial statements the full initial consideration of €3,728,434 (£3,300,000) (2021: €3,930,911 (£3,300,000)) has been recognised as an investment in a related undertaking and the balance of consideration payable of €2,485,623 (£2,200,000) (2021: €2,977,963 (£2,500,000)) has been recognised as a payable in other payables (see note 32).

Investment in Shankley Biogas Limited

On 27 September 2021, EQTEC announced that EQTEC's wholly owned subsidiary, Southport WTV Limited ("Southport"), had signed a Share Purchase Agreement ("SPA – Southport") with Rotunda Group Limited ("Rotunda") to acquire full ownership of the Southport Hybrid Energy Park project ("Southport Project") from Rotunda through the acquisition of Shankley Biogas Limited ("Shankley").

On 21 September 2022, the Company announced that it had entered into agreements for the cancellation of the SPA-Southport. Any investments costs previously recognised has now been de-recognised (€113,644) and included in the costs associated with development fee services charged to Shankley amounting to €2,841,093.

23. OTHER FINANCIAL INVESTMENTS

	2022 €	2021 €
Group		
Financial investments at amortised cost		
Convertible loan note in Metal NRG plc	**112,983**	–
Bonds and Debentures	**402,644**	402,644
Less: Provision against investment in Bonds	**(402,644)**	(402,644)
Other investments	**17,250**	17,250
Less: Provisions against other investments	**(17,250)**	(17,250)
	112,983	–
Financial investments at fair value through profit or loss (FVTPL)		
Investment in Metal NRG plc	**58,203**	506,976
Total	**171,186**	506,976
MNRG		
Financial investments at amortised cost		
Convertible loan note in Metal NRG plc	**112,983**	–
Financial investments at fair value through profit or loss (FVTPL)		
Investment in Metal NRG plc	**58,203**	506,976
Total	**171,186**	506,976

Financial assets at FVTPL include the equity investment in Metal NRG plc ("MNRG") which was financed through the exchange of shares in the Company. The Group and the Company accounts for the investment in MNRG at FVTPL and did not make the irrevocable election to account for it at FVOCI.

Subsequent to the Company's receipt of 100,000,000 shares of MNRG in a share-for-share exchange, the Company acted as guarantor for a Convertible Loan Note entered into by MNRG on 02 February 2022 with Global Investment Strategy UK Limited ("GIS"). Further, and in satisfaction of the Company's guarantee obligations to GIS, the Company transferred £100,000 worth of MNRG shares to GIS (being 100,000,000 Ordinary Shares at an average price of 0.1p per share after costs) on 03 October 2022. On the basis of this transaction, the Company's obligations to GIS as guarantor were fully settled. In consideration of the Company's actions as guarantor, MNRG has subsequently issued £100,000 (€112,983) of zero-coupon, unsecured convertible loan notes to the Company (the "CLN"). The CLN gives the Company the right to convert the CLN, in whole or in part to MNRG shares.

As at 31 December 2022, the fair value of the Group's interest in Metal NRG plc, which is listed on the London Stock Exchange, was €58,203 (2021: €506,976) based on the quoted market price available on the London Stock Exchange, which is a Level 1 input in terms of IFRS 13.

Movement in other financial investments was as follows:

	2022 €	2021 €
At beginning of financial year	**506,976**	–
Acquired via the exchange of shares in EQTEC plc	**–**	745,161
Movement in fair value	**(326,501)**	(250,378)
Exchange differences	**(9,289)**	12,193
At end of financial year	**171,186**	506,976

24. DEFERRED TAXATION

A deferred tax asset has not been recognised at the consolidated statement of financial position date in respect of trading tax losses arising from the Irish and UK subsidiaries. Due to the history of past losses, the Group has not recognised any deferred tax asset in respect of tax losses to be carried forward which are approximately €29.3 million at 31 December 2022 (2021: €24.3 million).

25. DEVELOPMENT ASSETS

GROUP	2022 €	2021 €
Costs associated with project development undertakings	**6,033,543**	3,455,496
Loan receivable from project development undertakings		
Convertible loans	**2,824,572**	–
Other loans	**2,621,515**	3,000,469
	5,446,087	3,000,469

The Group invests capital in assisting in the development of waste to value projects which can deploy its technology and expertise and make a profit from the realisation of the development costs at the financial close, when project financing is in place so that the project undertaking can commence construction. Cost comprises direct materials and overheads that have been incurred in furthering the development of a project towards financial close. For the financial year ended 31 December 2022, €2,160,694 (2021: €Nil) of development assets was included in consolidated statement of profit or loss as an expense and €2,752 (2021: €5,498) was impaired resulting from write down of development assets.

Included in loans receivable from project development undertakings is an amount of €450,000 (2021: €550,000) which is receivable, along with accrued interest, 18 months from the date of drawdown. Interest is charged at 15% per annum. At 31 December 2022, the loan is valued at €597,329 (2021: €613,678).

Included in loans receivable is an amount of £2,500,000 (2021: £Nil) arising from development service fees to Shankley Biogas Limited which has been converted into a convertible loan note secured by a fixed and floating charge on the assets and business of Shankley Biogas Limited. The loan note, which is interest-free, is due to be paid to the company following sale of, or investment into Shankley Biogas Limited by any third party. At 31 December 2022, the loan is valued at €2,824,572 (2021: €Nil).

The remaining loans receivables were issued with no interest and no fixed repayment date.

COMPANY	2022 €	2021 €
Costs associated with project development	**1,258,191**	305,553
Loan receivable from project development undertakings		
Convertible loans	**2,824,572**	–
Other loans	**597,329**	613,678
	3,421,901	613,678

26. TRADE AND OTHER RECEIVABLES

GROUP	2022 €	2021 €
Trade receivables gross	**5,961,004**	5,268,923
Allowance for credit losses	**(475,687)**	(475,687)
Trade receivables net	**5,485,317**	4,793,236
VAT receivable	**257,288**	903,069
Deferred consideration for the disposal of Pluckanes Windfarm (see note 33)	**–**	133,034
Advances to related undertakings	**60,000**	60,000
Allowance for credit losses	**(60,000)**	(60,000)
Prepayments	**149,786**	133,344
Amounts receivable from associate companies	**29,477**	27,508
Deposit payment on land (See below)	**858,670**	309,708
Corporation tax	**47,757**	381
Receivable arising from issue of ordinary shares	**55,635**	–
Payments on account to suppliers	**14,529**	355,267
Other receivables	**322,587**	221,200
	7,221,046	6,876,747

The deposit option payment on land represents a deposit paid with respect to a conditional land purchase agreement relating to the land on which the proposed up to 25 MWe Billingham waste gasification and power plant at Haverton Hill, Billingham, UK, will be constructed.

On 15 February 2022, the Group announced an agreement to extend the existing, conditional Land Purchase Agreement (the "LPA") relating to the land on which the proposed, up to 25 MWe Billingham waste gasification and power plant (the "Project") at Haverton Hill, Billingham, UK, will be constructed (the "Project Site"). Pursuant to the variation, the Group agreed to make a payment of £250,000 (€293,210) on 24 February 2022. In addition, the Group paid a further fee of £250,000 (€293,211) as consideration for the Variation to Scott Bros on 24 February 2022. On 20 December 2022, the Group announced that it had executed, with Scott Bros. Enterprises Limited ("Scott Bros"), as landlord, and its wholly owned subsidiary Billingham EFW Limited, an option for the grant of a lease (the "Option") in respect of land at the Project Site. The Option replaces in full the LPA contracted by the parties and dated 25 February 2021, releasing the Group from all liabilities therein including purchase of the Project Site for a balance outstanding of £8,090,000. Any costs previously incurred by the Group will be recovered through the charging of development fees on the Project.

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

The following table shows an analysis of trade receivables split between past due and within terms accounts. Past due is when an account exceeds the agreed terms of trade, which are typically 60 days.

	2022 €	2021 €
Within terms	**1,063,269**	4,649,704
Past due more than one month but less than two months	**4,317**	2,876
Past due more than two months	**4,893,418**	616,343
	5,961,004	5,268,923

Included in the Group's trade receivables balance are debtors with carrying amount of €4,417,731 (2021: €140,656) which are past due at year end and for which the Group has not provided.

The Group does not hold any collateral over these balances. No interest is charged on overdue receivables. The quality of past due not impaired trade receivables is considered good. The carrying amount of trade receivables approximates to their fair values.

The Group's policy is to recognise an allowance for doubtful debts of 100% against all receivables with non-related parties over 120 days because historical experience has been that trade receivables that are past due beyond 120 days are not recoverable. Allowances for doubtful debts are recognised against trade receivables from non-related parties between 60 days and 120 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. The review on these balances shows that all of the above amounts are considered recoverable.

26. TRADE AND OTHER RECEIVABLES - CONTINUED

In determining the recoverability of a trade receivable, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the end of the current reporting financial year. The concentration of the credit risk is limited due to the customer base being large and unrelated, and the fact that no one customer holds balances that exceeds 10% of the gross assets of the Group. The maximum exposure risk to trade and other receivables at the reporting date by geographic region, ignoring provisions, is as follows:

	2022 €	2021 €
Ireland	**30,000**	72,919
Spain	**4,295,790**	4,007,695
Croatia	**1,635,214**	1,188,309
	5,961,004	5,268,923

The aged analysis of other receivables is within terms.

The closing balance of the trade receivables loss allowance as at 31 December 2022 reconciles with the trade receivables loss allowance opening balance as follows:

	€
Opening loss allowance as at 1 January 2021	475,687
Loss allowance recognised during the financial year	–
Loss allowance as at 31 December 2021	475,687
Loss allowance recognised during the financial year	–
Loss allowance as at 31 December 2022	**475,687**

The closing balance of the advances to related undertakings loss allowance as at 31 December 2022 reconciles with the advances to related undertakings loss allowance opening balance as follows:

	€
Opening loss allowance as at 1 January 2021	60,000
Loss allowance recognised during the financial year	–
Loss allowance as at 31 December 2021	60,000
Loss allowance recognised during the financial year	–
Loss allowance as at 31 December 2022	**60,000**

There is no concentration of credit risk with respect to receivables as disclosed in Note 5 under credit risk.

COMPANY	2022 €	2021 €
Amounts due from subsidiary undertakings	**20,731,916**	14,091,925
Allowance for impairment of balances	**–**	–
	20,731,916	14,091,925
Trade receivables – Intercompany and related parties	**310,300**	353,219
Allowance for credit losses on trade receivables	**(30,000)**	(30,000)
Advances to related undertakings	**60,000**	60,000
Allowance for credit losses on advances to related undertakings	**(60,000)**	(60,000)
Management charges receivable	**2,532,848**	–
Prepayments	**63,881**	87,567
Receivable arising from issue of ordinary shares	**55,635**	–
Corporation Tax	**96**	96
VAT Receivable	**4,157**	2,281
Other receivables	**2,916**	2,760
	23,671,749	14,507,848

26. TRADE AND OTHER RECEIVABLES – CONTINUED

The concentration of credit risk in the individual financial statements of EQTEC plc relates to amounts due from subsidiary undertakings. The directors have reviewed these balances in the light of the impairment review carried out on the investments by EQTEC plc in its subsidiaries.

The directors considered the future cash flows arising from subsidiaries and are satisfied that the appropriate impairment has been applied to these balances. All amounts are short-term. The net carrying values of amounts due from subsidiary undertakings, trade and loans receivables are considered a reasonable approximation of their fair values.

The closing balance of the trade receivables loss allowance as at 31 December 2022 reconciles with the trade receivables loss allowance opening balance as follows:

	€
Opening loss allowance as at 1 January 2021	30,000
Loss allowance recognised during the financial year	–
Loss allowance as at 31 December 2021	30,000
Loss allowance recognised during the financial year	–
Loss allowance as at 31 December 2022	**30,000**

The closing balance of the advances to related undertakings loss allowance as at 31 December 2022 reconciles with the advances to related undertakings loss allowance opening balance as follows:

	€
Opening loss allowance as at 1 January 2021	60,000
Loss allowance recognised during the financial year	–
Loss allowance as at 31 December 2021	60,000
Loss allowance recognised during the financial year	–
Loss allowance as at 31 December 2022	**60,000**

27. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

	2022 €	2021 €
Group		
Cash and bank balances	**1,693,116**	6,446,217
Company		
Cash and bank balances	**980,098**	4,845,633

The carrying amount of the cash and cash equivalents is considered a reasonable approximation of its fair value.

28. EQUITY

Share Capital

AT 31 DECEMBER 2021	AUTHORISED NUMBER	ALLOTTED AND CALLED UP NUMBER	AUTHORISED €	ALLOTTED AND CALLED UP €
Ordinary shares of €0.001 each	12,561,091,094	8,599,024,945	12,561,091	8,599,024
Deferred ordinary shares of €0.40 each	200,000,000	22,370,042	80,000,000	8,948,017
Deferred "B" Ordinary Shares of €0.099 each	75,140,494	75,140,494	7,438,909	7,438,909
Deferred convertible "A" ordinary shares of €0.01 each	10,000,000,000	99,117,952	100,000,000	991,180
			200,000,000	25,977,130

AT 31 DECEMBER 2022	AUTHORISED NUMBER	ALLOTTED AND CALLED UP NUMBER	AUTHORISED €	ALLOTTED AND CALLED UP €
Ordinary shares of €0.001 each	**12,561,091,094**	**9,421,479,112**	**12,561,091**	**9,421,478**
Deferred ordinary shares of €0.40 each	**200,000,000**	**22,370,042**	**80,000,000**	**8,948,017**
Deferred "B" Ordinary Shares of €0.099 each	**75,140,494**	**75,140,494**	**7,438,909**	**7,438,909**
Deferred convertible "A" ordinary shares of €0.01 each	**10,000,000,000**	**99,117,952**	**100,000,000**	**991,180**
			200,000,000	**26,799,584**

The holders of the ordinary shares are entitled to participate in the profits or assets of the Company (by way of payment of any dividends, on a winding up or otherwise) and are entitled to receive notice, attend, speak and vote at general meetings of the Company. Each ordinary share equates to one vote at meetings of the Company.

The holders of the deferred convertible "A" ordinary shares are entitled to participate pari passu with ordinary shareholders in the profits or assets of the Company on a winding-up, up to an amount equal to the par value paid in respect of such deferred convertible "A" ordinary shares but are not entitled to participate in the profits or assets of the Company (by way of payment of any dividends or otherwise). The holders of the deferred convertible "A" ordinary shares are not entitled to receive notice, attend, speak and vote at general meetings of the Company.

The holders of the deferred ordinary shares and the deferred "B" ordinary shares are not entitled to participate in the profits or assets of the Company (by way of payment of any dividends, on a winding up or otherwise) and are not entitled to receive notice, attend, speak and vote at general meetings of the Company.

Share Premium

Proceeds received in excess of the nominal value of the shares issued during the financial year have been included in share premium, less registration and other regulatory fees. Costs of new shares charged to equity amounted to €362,241 (2021: €1,470,868).

Company Share Premium

The share premium included in the consolidated and company statement of financial position is different by €18,934,080 due to the reverse acquisition of the Group which occurred on 13 October 2008. The reverse acquisition resulted to a reverse acquisition reserve which has been netted off against the share premium in the consolidated statement of financial position.

Movements in the financial year to 31 December 2022

AMOUNTS OF SHARES	2022	2021
Ordinary Shares of €0.001 each issued and fully paid		
– Beginning of the financial year	**8,599,024,945**	6,977,439,598
– Issued on exercise of warrants	**19,696,881**	335,657,692
– Issued in lieu of borrowings and settlement of payables	**52,757,286**	167,728,038
– Issued in exchange for financial instruments	**–**	51,532,961
– Share issue placement	**750,000,000**	1,066,666,656
Total Ordinary shares of €0.001 each authorised, issued and fully paid at the end of the financial year	**9,421,479,112**	8,599,024,945

28. EQUITY – CONTINUED

Other Reserves

Other reserves relates to equity-settled share-based payment transactions.

Share warrants and options

As at 31 December 2022 the Company had 1,349,990,363 share warrants and options outstanding (2021: 554,355,338).

NO OF WARRANTS/OPTIONS	EXERCISE PRICE (PENCE)	FINAL EXERCISE DATE
404,325,407	0.25	31/03/2025
67,304,542	0.65	30/06/2024
666,666,666	0.45	08/12/2024
23,045,003	0.1	31/01/2032
188,648,745	0.1	30/04/2033
1,349,990,363		

Details of warrants and options granted

	LTIP 2021 OPTIONS		LTIP 2022 OPTIONS		LENDER WARRANTS		EMPLOYEE WARRANTS		EMPLOYEE OPTIONS	
	NUMBER	EXERCISE PRICE (PENCE)	NUMBER	EXERCISE PRICE (PENCE)	NUMBER	EXERCISE PRICE (PENCE)	NUMBER	EXERCISE PRICE (PENCE)	NUMBER	EXERCISE PRICE (PENCE)
At 1 January 2022	23,045,003	0.1	–	–	–	–	424,022,288	0.25	67,304,542	0.65
Issued in year	–	–	188,648,745	0.1	666,666,666	0.45	–	–	–	–
Cancelled or expired in year	–	–	–	–	–	–	–	–	–	–
Exercised in year	–	–	–	–	–	–	19,696,881	0.25	–	–
At 31 December 2022	23,045,003	0.1	188,648,745	0.1	666,666,666	0.45	404,325,407	0.25	67,304,542	0.65
Exercisable at 31 December 2022	–	–	–	–	666,666,666	0.45	404,325,407	0.25	67,304,542	0.65
Average life remaining at 31 December 2022	9.08 years		10.25 years		1.92 years		0.25 years		1.58 years	

	ADVISOR WARRANTS		ADVISOR WARRANTS	
	NUMBER	EXERCISE PRICE (PENCE)	NUMBER	EXERCISE PRICE (PENCE)
At 1 January 2022	1,533,505	5.53	38,450,000	10.0
Cancelled or expired in year	1,533,505	5.53	38,450,000	10.0
At 31 December 2022	–	–	–	–
Exercisable at 31 December 2022	–	–	–	–

The options granted during the year related to the adoption of the EQTEC All Employee Long-term Incentive Plan (the "LTIP"). The LTIP is a core part of the Company's new approach to business planning, performance management and employee incentives and is designed to drive individual and team performance in line with Company performance, thereby creating value for shareholders while minimising cash outlay. All Company Executive Directors and employees are eligible to participate in the LTIP.

28. EQUITY – CONTINUED

Any awards made under the LTIP will comprise zero-cost share allocations ("Incentive Shares") and will be settled in equity. 60% will vest providing the relevant individual is employed by the Company as of the vesting date, subject to no notice of termination, disciplinary proceedings or similar, and in the view of the Board, fulfilling his/her responsibilities to the highest possible standards. The remaining 40% of Incentive Shares will vest provided the relevant individual has met the aforementioned employment conditions and, in addition, a Company-wide performance condition. The condition will be set annually by the Board against one or more of the Company's priority financial targets. In respect of these Company performance allocations, there will be a minimum or 'threshold' achievement that must be obtained to qualify, with a 'straight-line' calculation of award up to a maximum level. Both types of Incentive Shares will be allocated annually and, subject to the above vesting conditions would vest over three years. The 2022 share allocation would vest in three equal instalments on 1 May 2023, 1 May 2024 and 1 May 2025, following announcement of the Company's annual results. All vested awards are subject to a lock-in period, whereby any new ordinary shares of €0.001 each issued ("Ordinary Shares") cannot be sold for two years from vesting for Directors and Heads of Function, or 12 months for all other employees. Awards are further subject to certain malus and clawback provisions, at the Board's discretion.

The Group recognised total expenses of €340,257 and €205,648 related to equity-settled share-based payment transactions in 2022 and 2021 respectively (see note 10). The corresponding credit is recognised in the share-based payments reserve.

29. NON-CONTROLLING INTERESTS

	2022 €	2021 €
Balance at beginning of financial year	**(2,384,189)**	(2,223,986)
Share of (loss)/profit for the financial year	**(11)**	68
Unrealised foreign exchange gains/(losses)	**125,677**	(160,271)
Balance at end of financial year	**(2,258,523)**	(2,384,189)

30. BORROWINGS

	2022 €	2021 €
Group		
Current liabilities		
At amortised cost		
Unsecured loan facility (USLF)	**5,006,076**	–
Other loans	**99,962**	–
	5,106,038	–
Non-current liabilities		
At amortised cost		
Unsecured shareholder loan (USL)	**1,064,598**	–

	2022 €	2021 €
Company		
Current liabilities		
At amortised cost		
Unsecured loan facility (USLF)	**5,006,076**	–
Non-current liabilities		
At amortised cost		
Unsecured shareholder loan (USSL)	**1,064,598**	–

30. BORROWINGS – CONTINUED

Borrowings at amortised cost

On 28 March 2022, the Company entered into arrangements in respect of the provision of a new unsecured loan facility (USLF) for up to £10 million, with an initial advance received by the Company of £5 million. The initial advance is to be repaid on a monthly basis commencing 5 months after the receipt of the advance by the Company and have a final maturity date of 12 months. The Company will also pay a fixed interest coupon to the lenders on a quarterly basis calculated at 7.5% of the value of each advance of the USLF. At 31 December 2022, the face value of the USLF and accrued interest at 31 December 2022 was €5,080,940 (2021: €Nil).

On 8 December 2022, the Company entered into a loan facility (USSL) with Altair Group Investment Limited, the Company's largest shareholder. The USSL will provide the Company with an up to £2.0 million unsecured loan with a term of 24 months from the date of execution. The USSL carries an annual interest rate of 8.0% on funds drawn and outstanding, with interest payable quarterly in advance. Additionally, the Company will pay a 2.5% fee for arrangement of the Facility. At 31 December 2022, the face value of the USSL and accrued interest at 31 December 2022 was €1,131,513 (2021: €Nil).

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities. Except where noted, all liabilities noted below are disclosed in Note 30.

	UNSECURED LOAN FACILITY €	SECURED LOAN FACILITY €	BANK OVERDRAFT €	LEASE LIABILITIES (NOTE 31) €	TOTAL €
Balance at 1 January 2021	–	896,641	124,210	191,707	1,212,558
Financing Cash Flows					
Proceeds from borrowings	1,391,174	–	–	–	1,391,174
Repayment of borrowings and lease liabilities	(1,479,764)	(1,386,752)	–	(165,208)	(3,031,724)
Change in bank overdraft	–	–	(124,210)	–	(124,210)
Total from financing cash flows	(88,590)	(1,386,752)	(124,210)	(165,208)	(1,764,760)
Non-cash changes					
Capitalisation of leases	–	–	–	219,301	219,301
Effect of changes in foreign exchange rates	60,019	9,936	–	3,567	73,522
Amortisation of loan issue costs	–	12,058	–	–	12,058
Redemption fee levied	–	466,929	–	–	466,929
Other changes	28,571	1,188	–	8,341	38,100
Total non-cash changes	88,590	490,111	–	231,209	809,910
Balance at 31 December 2021	–	–	–	257,708	257,708

Other changes include interest accruals and payments.

30. BORROWINGS – CONTINUED

Reconciliation of liabilities arising from financing activities - continued

	USLF €	USSL €	BANK OVERDRAFT €	LEASE LIABILITIES (NOTE 31) €	TOTAL €
Balance at 1 January 2022	–	–	–	257,708	257,708
Financing Cash Flows					
Proceeds from borrowings	5,981,262	1,157,520	98,068	–	7,236,850
Repayment of borrowings and lease liabilities	(919,931)	–	–	(206,552)	(1,126,483)
Loan issue costs paid	(328,769)	(5,788)	–	–	(334,557)
Total from financing cash flows	4,732,562	1,151,732	98,068	(206,552)	5,775,810
Non-cash changes					
Capitalisation of leases	–	–	–	4,042	4,042
Effect of changes in foreign exchange rates	(303,002)	(27,615)	(303)	(3,667)	(334,587)
Amortisation of loan issue costs	243,825	896	–	–	244,721
Other changes	332,691	(60,415)	2,197	5,000	279,473
Total non-cash changes	273,514	(87,134)	1,894	5,375	193,649
Balance at 31 December 2022	**5,006,076**	**1,064,598**	**99,962**	**56,531**	**6,227,167**

Other changes include interest accruals and payments.

31. LEASES

Lease liabilities are presented in the statement of financial position as follows:

GROUP	2022 €	2021 €
Current	**56,531**	200,853
Non-current	**–**	56,855
	56,531	257,708

The Group has leases for its offices in London, England and in Barcelona, Spain. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 18).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings, the Group must keep those properties in a good state of repair and return the premises in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

31. LEASES - CONTINUED

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the statement of financial position:

RIGHT-OF-USE ASSET	NO. OF RIGHT-OF-USE ASSETS LEASED	RANGE OF REMAINING TERM	AVERAGE REMAINING LEASE TERM	NO. OF LEASES WITH EXTENSION OPTIONS	NO OF LEASES WITH OPTIONS TO PURCHASE	NO OF LEASES WITH VARIABLE PAYMENTS LINKED TO AN INDEX	NO OF LEASES WITH TERMINATION OPTIONS
Leasehold Building	2	0.33 years	0.29 years	0	0	0	0

The lease liabilities are secured by the related underlying asset. Further minimum lease payments at 31 December 2022 were as follows:

	MINIMUM LEASE PAYMENTS DUE						
	WITHIN 1 YEAR €	1-2 YEARS €	2-3 YEARS €	3-4 YEARS €	4-5 YEARS €	AFTER 5 YEARS €	TOTAL €
2022							
Lease payments	**56,849**	**–**	**–**	**–**	**–**	**–**	**56,849**
Finance charges	**(318)**	**–**	**–**	**–**	**–**	**–**	**(318)**
Net Present Values	**56,531**	**–**	**–**	**–**	**–**	**–**	**56,531**
2021							
Lease payments	205,838	57,177	–	–	–	–	263,015
Finance charges	(4,985)	(322)	–	–	–	–	(5,307)
Net Present Values	200,853	56,855	–	–	–	–	257,708

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense related to payments not included in the measurement of the lease liability is as follows:

	2022 €	2021 €
Short term leases	**16,131**	29,053
Leases of low-value assets	**10,294**	12,566
	26,425	41,619

At 31 December 2022, the Group was committed to short-term leases and the total commitment at that date was €18,837 (2021: €17,472).

Total cash outflow for lease liabilities for the financial year ended 31 December 2022 was €206,552 (2021: €165,208).

Additional information on the right-to-use assets by class of assets is as follows:

	CARRYING AMOUNT (NOTE 18) €	DEPRECIATION EXPENSE €	IMPAIRMENT €
Leasehold Buildings	57,520	197,016	–
Total Right-of-use assets	**57,520**	**197,016**	–

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

32. TRADE AND OTHER PAYABLES

GROUP	2022 €	2021 €
VAT payable	**273,570**	220,167
Trade payables	**1,537,888**	2,526,017
Advances paid by customers	**186,018**	400,000
Other payables	**2,629,734**	2,986,084
Accruals	**1,522,092**	680,938
PAYE & social welfare	**115,102**	108,600
	6,264,404	6,921,806

Trade and other creditors are payable at various dates in accordance with the suppliers' usual and customary credit terms. PAYE and social welfare and other taxes including social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

The carrying amount of trade and other payables approximates its fair value. All trade and other payables fall due within one year.

Included in other payables is an amount of €2,485,623 (£2,200,000) (2021: €2,977,963 (£2,500,000)) relating to consideration payable under the share purchase contract to acquire Logik WTE Limited (see Note 22).

COMPANY	2022 €	2021 €
Trade payables	**161,177**	89,669
Other creditors	**4,504**	2,840
Amounts payable to subsidiary undertakings	**2**	2
Advances paid by customers	**69,018**	–
PAYE & social welfare	**24,685**	16,604
Accruals	**1,115,163**	381,941
	1,374,549	491,056

Trade and other creditors are payable at various dates in accordance with the suppliers' usual and customary credit terms. PAYE & social welfare are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

The carrying amount of trade and other payables approximates its fair value. All trade and other payables fall due within one year.

33. DISPOSAL OF SUBSIDIARY

On 24 August 2020, the Group disposed of its interest in Pluckanes Windfarm Limited.

During the year ended 31 December 2022, the Group received €170,000 from the buyer of Pluckanes Windfarm Limited in full and final settlement of the deferred consideration. Per the sales purchase agreement, €170,000 was deferred and held in escrow subject to the following conditions, all of which have been met:

(i) the Buyer obtaining a planning extension to Pluckanes Windfarm Limited's existing planning permission on its property, in order to extend the term of the wind turbine activity, within two years of the date of the requisite planning application which must be submitted by the Buyer within three months of completion of the sale;

(ii) the Group procuring the transfer of the substation between the landlord and ESB Networks; and

(iii) the Group procuring a letter from the relevant local authority confirming compliance with a certain customary condition of the existing planning permission.

The fair value of the deferred consideration was calculated as €116,492 on the date of disposal. At 31 December 2022, the fair value of the deferred consideration was valued at €Nil (31 December 2021: €133,034) and is included in trade and other receivables (See Note 26).

34. RELATED PARTY TRANSACTIONS

The Group's related parties include Altair Group Investment Limited ("Altair"),who at 31 December 2022 held 18.19% (2021: 19.00%) of the shares in the Company. Other Group related parties include the associate and joint venture companies and key management.

Transactions with Altair

During the financial year ended 31 December 2022, Altair advanced €1,157,520 (2021: €1,391,174) to the Group by way of borrowings. During the financial year ended 31 December 2022, the Group repaid borrowings of €Nil (2021: €1,479,764) by way of conversion into equity. Interest payable to Altair for the financial year ended 31 December 2022 amounted to €1,725 (2021: €28,571) and is included in interest on loans, bank facilities and overdrafts as set out in Note 11.

Included in borrowings, net of amortisation costs, at 31 December 2022 is an amount of €1,064,598 (2021: €Nil) due to Altair from the Group (See Note 30).

Transactions with key management personnel

Key management of the Group are the members of EQTEC plc's board of directors. Key management personnel remuneration includes the following:

NAME	DATE OF DIRECTORSHIP APPOINTMENT/ RETIREMENT	SALARY €'000S	FEES €'000S	PENSION CONTRIBUTION €'000S	OTHER BENEFITS €'000S	TERMINATION PAYMENTS €000'S	SHORT TERM INCENTIVES €'000S	LONG TERM INCENTIVES €000'S	2022 TOTAL €'000S	2021 TOTAL €'000S
Executive Directors										
D Palumbo		265	–	13	8	–	79	54	**419**	290
J Vander Linden		265	–	13	11	–	79	54	**422**	354
N Babar	Appointed 19/07/2021	204	–	10	5	–	62	42	**323**	142
Y Alemán Méndez		186	–	–	–	–	55	35	**276**	244
Former Executive Directors										
G Madden	Retired 15/07/2021	–	–	–	–	–	–	–	**–**	414
Non-Executive Directors										
I Pearson		–	71	–	–	–	–	–	**71**	69
T Quigley		–	42	–	–	–	–	–	**42**	42
Total 2022		**920**	**113**	**36**	**24**	**–**	**275**	**185**	**1,553**	**–**
Total 2021		731	111	23	21	241	342	86	–	1,555

At 31 December 2022, directors' remuneration unpaid (including past directors) amounted to €274,917 (31 December 2021: €341,812).

A company controlled by Mr. Palumbo had previously provided office space to the Group in London. The cost of these services amounted to €Nil (2021: €12,566). At 31 December 2022, an amount of €Nil is included in trade and other payable with respect to payments due to this company (2021: €Nil).

During the year ended 31 December 2021, the Group entered into a royalty settlement arrangement, to the value of €2,492,059, with Syngas Technology Engineering, S.L. (a company controlled by Dr. Yoel Alemán Méndez, the Group's CTO and current Board Director). This balance was settled through a cash payment of €1,000,000 with the remainder through the issue of new ordinary shares of €0.001 each in the capital of the Company on 3 June 2021.

During the year ended 31 December 2021 a director, Mr I Pearson, provided consultancy services to the Group to the value of €116,261 for which he received 6,666,666 in shares. There was nothing to note for the financial year ended 31 December 2022. Included in trade and other payables is an amount of €Nil (2021: €Nil) with respect to these services.

During the year ended 31 December 2021, a director, Mr. T Quigley, provided consultancy services to the Group amounting to €11,543. There was nothing to note for the financial year ended 31 December 2022. Included in trade and other payables is an amount of €Nil (2021: €Nil) with respect to these services.

During the year ended 31 December 2021, the company settled certain debts owed to directors and former directors by way of equity. In accordance with IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, the loss recognised on these transactions related to directors and former directors was €1,104,374. There was nothing to note for the financial year ended 31 December 2022.

Details of each director's interests in shares and equity related instruments that were in office at the year-end are shown in the Directors' Report.

34. RELATED PARTY TRANSACTIONS – CONTINUED

Transactions with associate undertakings and joint ventures

The following transactions were made with associate undertakings and joint ventures for the year ended 31 December 2022:

	NORTH FORK COMMUNITY POWER LLC		SYNERGY BELISCE D.O.O.		SYNERGY KARLOVAC D.O.O.		EQTEC ITALIA MDC SRL		EQTEC SYNERGY PROJECTS LIMITED		TOTAL	
	2022 €	2021 €	2022 €	2021 €	2022 €	2021 €	2022 €	2021 €	2022 €	2021 €	2022 €	2021 €
Loans to associated undertakings and joint ventures												
At start of year	1,891,842	1,150,619	551,808	–	585,251	–	492,406	–	100,000	–	3,621,307	1,150,619
Advanced during year	528,085	1,790,113	1,706,258	547,853	618,356	581,056	–	482,000	–	100,000	2,852,699	3,501,022
Repaid in year	–	–	(8,694)		(31,324)	–	–	–	–	–	(40,018)	–
Debtor reclassified as loan	–	–	–	–	–	–	1,161,000	–	–	–	1,161,000	–
Loans derecognised	–	(1,150,619)	–	–	–	–	–	–	–	–	–	(1,150,619)
Interest charged in year	177,069	54,287	–	3,147	–	3,338	19,119	10,406	–	–	196,188	71,178
Loans reclassified as investment (see below)	(2,728,959)	–	–	–	–	–	(15,952)	–	–	–	(2,744,911)	–
Exchange differences	131,963	47,442	(2,006)	808	(1,671)	857	–	–	–	–	128,286	49,107
At end of year	–	1,891,842	2,247,366	551,808	1,170,612	585,251	1,656,573	492,406	100,000	100,000	5,174,551	3,621,307
Sales of goods and services												
Technology sales	–	2,158,118	1,000,000	1,237,500	–	1,540,000	3,500,000	1,000,000	–	–	4,500,000	5,935,618
Development fees	–	–	245,010	599,607	115,005	549,647	–	–	–	–	360,015	1,149,254
	–	2,158,118	1,245,010	1,837,107	115,005	2,089,647	3,500,000	1,000,000	–	–	4,860,015	7,084,872
Year-end balances												
Included in trade receivables	–	34,900	2,217,523	1,962,925	2,245,191	2,202,884	609,000	42,919	–	–	5,874,214	4,243,628
Included in other receivables	–	–	–	–	12,421	12,452	100	100	16,956	14,956	29,477	27,508
	–	34,900	2,217,523	1,962,925	2,257,612	2,215,336	609,100	43,019	16,956	14,956	5,903,691	4,271,136

As part of the financial restructurings of North Fork Community Power LLC under Chapter 11 of the US Bankruptcy Code (see Note 21), borrowings and accrued interest advanced to North Fork Community Power LLC amounting to €2,728,959 have been reclassified as equity in North Fork Community Power LLC.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

35. EVENTS AFTER THE BALANCE SHEET DATE

Update on share purchase agreement for Deeside project

On 1 March 2023, it was announced that Deeside WTV Limited ("Deeside WTV"), a wholly-owned subsidiary of EQTEC, and Logik WTE Limited ("Logik WTE"), a wholly-owned subsidiary of Logik Developments Limited ("Logik") (the "Parties") have been unable to meet by the agreed deadline all completion requirements specified under the share purchase agreement signed by the Parties on 07 December 2020, and as amended by supplemental agreements announced on 06 December 2021, 01 April 2022 and 30 June 2022 (the "SPA"). While the SPA has not completed on the agreed date it remains in force and the Parties continue to discuss constructive options for moving forward with development of the Project, in line with the Company's stated business strategy of focusing on high-margin technology and innovation services, engaging partners and customers to develop and fund the capital projects that will deploy EQTEC's technologies.

Italy Market Development Centre operational

On 8 March 2023, the Group confirmed that its Italy Market Development Centre ("MDC") is operational. EQTEC's technical commissioning team has commenced handover protocols for transferring plant operations to EQTEC Italia MDC srl ("Italia MDC"), the MDC's operating company (the "Handover Protocols"). The Plant is the first of EQTEC's MDCs to become operational. Additionally, Italia MDC is pursuing refinance of the plant asset by an Italian bank. The technical advisor to the bank visited the plant in March to complete a technical survey. Subject, inter alia, to the finalisation of the technical report, the Company expects that a funding agreement with the bank will be completed during Q2 2023.

35. EVENTS AFTER THE BALANCE SHEET DATE – CONTINUED

Share placing

On 21 March 2023, the Company announced that it had conditionally raised £3.5 million before expenses by way of placing, via direct subscriptions with the Company by institutional and other investors (the "Placees") of units ("Units") at a price of 0.22 pence per Unit (the "Placing Price"). Each Unit comprises one new ordinary share of €0.001 each in the Company ("Ordinary Share") and one half of one Ordinary Share purchase warrant ("Warrant"). Each full Warrant is exercisable at 0.33 pence per new Ordinary Share. A total of 1,595,454,545 Units was subscribed for at the Placing Price resulting in the issue of 1,595,454,545 new Ordinary Shares (the "Placing Shares") and the grant of 797,727,273 Warrants. Each Warrant, which is unlisted and fully transferable, will entitle the holder thereof to purchase one Ordinary Share at a price of 0.33 pence (being a 50 percent premium to the Placing Price) for a period of 24 months from the date on which the Units are issued pursuant to the Placing.

Altair participation and Altair Facility prepayment and increase

On 21 March 2023, the Company announced that Altair Group Investments Limited ("Altair"), the largest shareholder of the Company, had agreed to subscribe for £1.5 million pursuant to the Placing (the "Altair Placing"). In addition, the Company had an existing £2 million loan facility with Altair, as announced on 9 December 2022 (the "Altair Facility"). The Company and Altair have entered into an agreement through which Altair's participation in the Placing will be applied towards reducing the outstanding amount of £1.8 million under the Altair Facility and to increase the maximum amount of such facility to £3.5 million, with £1.7 million remaining available for drawdown following the Altair Placing and intended repayment (the "Facility Extension"). All other terms of the Altair Facility remain unchanged.

Lenders Facility conversion and reprofile

On 21 March 2023, the Company announced that Riverfort Global Opportunities PCC Limited and YA II PN Limited (the "Lenders"), who had an existing £10 million loan facility with the Company (the "Lenders Facility"), had agreed, conditional upon Admission, to convert £887,500 of the current outstanding loan balance into 403,409,091 Units at the Placing Price comprising 403,409,091 new Ordinary Shares ("Lender Shares") and 201,704,540 share purchase warrants on the same terms as the Warrants. The Lenders have also agreed to reprofile the monthly repayment schedule of the Lenders' Facility for the period until 31 December 2024, with repayments starting on 30 June 2023. A one-off reprofile fee of 3% of the Lenders' Facility will be added to the outstanding balance. Following the reprofile, the outstanding balance of the Lenders' Facility will be £4.25 million and a fixed-interest monthly coupon of £31,875 will be payable when repayments commence. The Lenders also received warrants over 965,909,091 Ordinary Shares as part of the debt reprofile, exercisable for a period of two years from the date of grant at a 100 percent premium over the Placing Price ("Lender Warrants"). However, the Lender Warrants will be exercisable only once the mid-market closing price of the Ordinary Shares is equal to or exceeds 0.55 pence at the time of exercise.

Issue of Ordinary Shares to strategic suppliers

On 21 March 2023, the Company further announced that it was proposing to issue, in aggregate, 106,805,444 new Ordinary Shares (the "Supplier Shares") at the Placing Price to certain strategic service providers providing business development and advisory services to the Group in satisfaction of fees due to them. The issue of the Supplier Shares further aligns the interests of strategic advisors and service providers with those of the Company and its shareholders.

Issue of shares

On 21 April 2023, the Company announced that, as part of an option to provide registered shareholders with an opportunity to acquire shares on the same basis as the share placing announced on 21 March 2023, it had issued 1,105,828 units ("Units") at 0.22 pence per Unit, the same price as the placing on 21 March. Each Unit comprises one new ordinary share of €0.001 each in the Company ("Ordinary Share") and one half of one Ordinary Share purchase warrant ("Warrant"). Each full Warrant is exercisable at 0.33 pence per new Ordinary Share. The Warrants are unlisted.

No other adjusting or significant non-adjusting events have occurred between the 31 December reporting date and the date of authorisation.

36. NON-CASH TRANSACTIONS

During the financial year, the Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

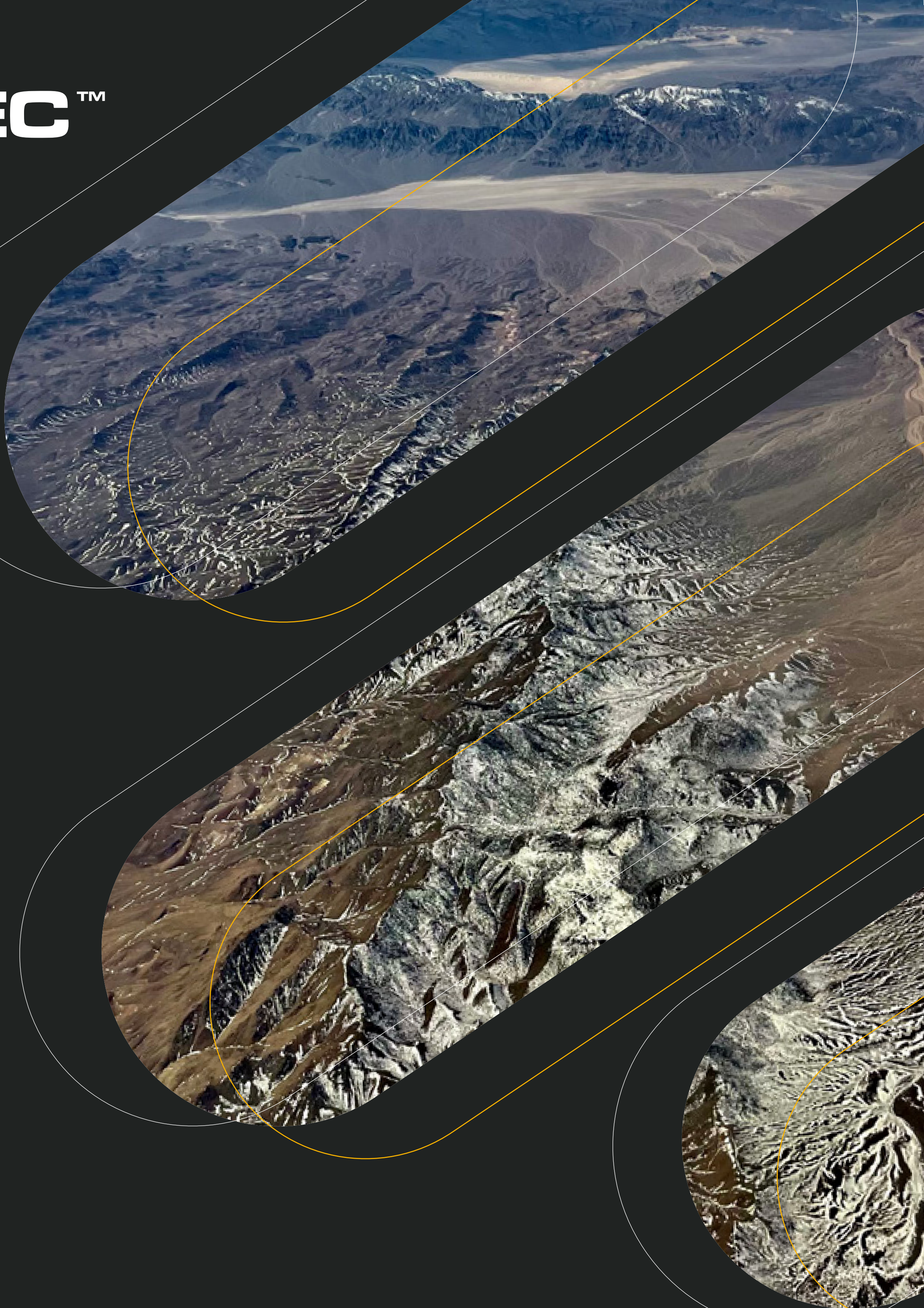
	2022 €	2021 €
Issue of shares in settlement of borrowings and other liabilities	**290,429**	3,452,741
Issue of shares in exchange for financial assets	**–**	745,161

37. COMPANY PROFIT AND LOSS

As a consolidated group income statement is published, a separate income statement for the parent company is omitted from the Group's financial statements by virtue of section 304(2) of the Companies Act, 2014. The Company's loss for the financial year ended 31 December 2022 was €5,216,344 (2021: €3,942,601).

38. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 05 May 2023.



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