

**EQTEC plc**

(**"EQTEC"**, the **"Company"** or the **"Group"**)

**Interim results for the six months ended 30 June 2020**

**ACCELERATION OF GROWTH IN SALES ACTIVITY AND PARTNER, PORTFOLIO AND PIPELINE DEVELOPMENT**

EQTEC plc (AIM: EQT), a world leading gasification technology solutions company for waste-to-energy projects, is pleased to announce its interim results for the six months ended 30 June 2020.

**David Palumbo, CEO of EQTEC, said:**

*"Our mission is to help the world reduce waste and generate green energy. Our greatest contribution to that mission is producing the world's purest syngas for the widest variety of applications. We believe there is a growing awareness in the market of both EQTEC's mission and proposition. As evidence, H1 2020 has seen the acceleration of growth that the Group forecast in sales activity, contracting, and partner, pipeline and portfolio development, despite the challenging conditions experienced by companies around the world due to the Covid-19 pandemic. Our continuing focus on growing EQTEC's pipeline has, in the first half of the year, created additional non-contracted tender opportunities worth a total potential of €341 million amongst which we sent full commercial offers worth a total of €205 million. Although we see pipeline growth continuing in H2 2020 and beyond, we are also taking the opportunity to put in place greater discipline with financial close and with project execution.*

*"The acceleration of pipeline growth is built on our market-leading waste gasification technology capabilities and boosted by the partner relationships we have established in nearly every one of our target markets. In Europe, we have solid foundations from which we are expanding. In the USA, we remain focused on further strengthening our relationship with Phoenix Energy in California. In Asia, we have received numerous enquiries, based on the strength of our technologies and the significant advantages our technologies have over alternatives in Asian markets including South Korea, Japan, Indonesia and Malaysia.*

*"We expect strong pipeline growth to continue through H2 and our partner portfolio approach to continue bearing fruit. However, we are starting to experience some delays in closing deals on account of banks and government institutions continuing to grapple with the impacts of Covid-19. As a result, we expect delays with a small number of deals previously expected to close in H2 2020, shifting instead to close in H1 2021. Given the size of our growing pipeline and market enthusiasm for our waste gasification technology, we see 2021 as potentially exponential in terms of deal closures and revenue growth as governments across the globe seek to encourage a green economic recovery. Fuelled further by investment from EQTEC's own development capital in a majority of these opportunities, we believe we can both accelerate and secure financial closure of these and future deals. Through combining EQTEC technology, capital and strengthening partnerships around the world, we intend to scale our business and more effectively position ourselves to lead the growing gasification industry and to drive sustainable revenue and shareholder value."*

**Operational, Commercial and Corporate Highlights**

- **Pipeline growth:** Accelerated increase in H1 2020 by 41 non-contracted tender opportunities worth a total potential of €341 million, amongst which 17 full commercial offers worth a total of €205 million were provided to potential partners.
- **Gasification into Greece:** Signed agreement for the construction of a 0.5 MW<sub>e</sub> (megawatt electrical) gasification installation in Larissa, Greece, with Greek project developer, Agrigas Energy SA (**"Agrigas"**), via German EPC partners, ewerGy GmbH (**"ewerGy"**).

- **Collaboration with German EPC, ewerGy:** Framework agreement completed with ewerGy for 13 potential new projects in the Balkan region (notably, Greece and Bulgaria), with exclusivity.
- **Collaboration with Carbon Sole Group, Ireland:** Framework agreement completed with Carbon Sole Group Limited for joint participation in projects in Ireland involving biogas and district heating, waste to energy and advanced biofuels applying EQTEC's gasifier technology. With immediate pipeline of three deals, currently applying for permission to build up to 25 MW<sub>th</sub> (mega watt thermal) each.
- **Progress with Billingham, UK project:** Extension of Memorandum of Understanding ("MoU") following good progress made: EQTEC secured grid connection; completed technical due diligence with technology insurance providers; and progressing well with ongoing discussions with potential funders. The proposed project includes a plant with capacity of up to 25 MW<sub>e</sub>.
- **Equipment sale to Movialsa in Spain, with plant access:** Sale of €300,000 worth of equipment and spare parts to Mostos Vinos y Alcoholes S.A. ("Movialsa"). As part of the contract, the Group is able to arrange visits to Movialsa's plant in Spain to showcase the Group's technology, which has been fully operational on the site for nearly a decade, to potential future stakeholders in the Group's projects.
- **Upgrade of syngas facility at University of Extremadura, Spain:** Signed contract for upgrade of existing syngas research and development facility at the University of Extremadura in Spain. Installation of a Fisher-Tropsch unit supports the production of sustainable biofuels utilising high quality syngas produced from EQTEC's advanced gasification process, in use at the university since 2010.
- **North Fork Community Power ("NFCP") in USA:** Financial close on NFCP project in California, USA, including sale of equipment and engineering and design services worth €2.2 million, concurrent with the acquisition of a 19.99% interest in NFCP by the Company. EQTEC values NFCP total project value at US\$20 million and capable of generating annual revenues of US\$4 million. This project and a pipeline of others is being developed with US partner, Phoenix Energy.
- **Progress toward work in Napa, USA:** Full planning permit is in process for a new location in California, working in partnership with Phoenix Energy. EQTEC has quoted for both 2 MW<sub>e</sub> and 3 MW<sub>e</sub> plants.
- **RDF testing at University of Lorraine, France:** Achieved approval to carry out tests utilising Refuse Derived Fuel ("RDF") at the Research and Demonstration Plant located at the University of Lorraine ("UL"), in France. The Plant was built in collaboration between UL and EQTEC and will accelerate technology validation tests of different types of RDF to satisfy adoption by key stakeholders.
- **Employee Incentive Warrant Pool:** Warrant instrument allows for the issue of warrants over new ordinary shares in the Company to employees to incentivise performance and align the interests of employees with those of shareholders.
- **Appointment of broker:** Appointment of Arden Partners PLC as the Company's Broker, with analyst research produced.

## Financial Highlights

- **Revenue:** For the six-month period through to 30 June 2020, the Company recognised revenue from an accounting perspective of €0.77 million (H2 2019: €1.56 million). During the period, the Company invoiced and received cash for the provision of technology and engineering services, to North Fork Community Power LLC. Included in trade and other payables at 30 June 2020 is revenue of €958,837 that has yet to be recognised in the statement of profit or loss, arising from the contract with North Fork Community Power, LLC.

- **Operating loss:** For the period, operating losses of €1.3 million (H2 2019: €1.1 million), principally the result of an increase in administrative expenses over the period. Overall loss for the period decreased due to a reduction in finance costs, primarily as a result of the reprofiling of existing debt.
- **Assets:** The net assets of the Company were €14.6 million at 30 June 2020 (31 December 2019: €15.5 million), principally the result of losses incurred in the period.
- **Cash:** The cash balances of the Company at 30 June 2020 stood at €1.7 million (31 December 2019: €0.5 million), with the Company receiving €1.03 million from the exercise of warrants during the period.
- **Debt:** Agreed a reprofiling of existing debt plus interest of €2.6 million due to mature on 31 July 2020, with a new maturity on 30 June 2021.

## Post period Highlights

### July 2020

- **Completion of oversubscribed, institutional led fundraise:** £10 million raised through offer of new EQTEC shares at 0.45 pence per share.
- **Debt to equity conversion:** In conjunction with the £10 million placing, existing lenders converted debt of c. £1 million into equity further improving balance sheet debt to equity ratio.
- **Patent infringement claim from USA:** Claim by Aries Clean Energy (“Aries”) of Franklin, Tennessee, USA that NFCP project in California, undertaken by EQTEC with US partner Phoenix Energy, is due to deploy technologies that might infringe specific Aries’ US patents. The specific EQTEC product identified in Aries’ lawsuit was sold years before Aries’ patents were filed. In addition, detailed technical analysis reviewed by three patent law firms engaged by EQTEC—two in USA—support EQTEC’s view that it does not infringe in any way Aries’ patents. Aries and EQTEC have since jointly agreed to extend the court’s deadline to formally respond to Aries’ claims. During that time, EQTEC will make certain non-infringement evidence available to Aries’ counsel for review, while, in parallel, the parties will engage in direct commercial discussions toward resolution.
- **Exclusivity Agreement for RDF Deeside Project in UK:** Exclusivity agreement signed with Logik Developments Limited for recycling and anaerobic digestion project in Flintshire, Wales, for which EQTEC will seek additional permission for deployment of advanced gasification technologies. EQTEC will act as lead developer for the Project.
- **Appointment of interim Operations Director:** With a view to improving go-to-market and project execution performance, appointment of interim Operations Director under short-term, consulting contract. Specific remit to review, define and deploy targeted operational strategies, tools and best practices by Q4 2020. Remit includes supporting the Board in structuring the organisation to support the continuing growth and scaling of the Company and its revenues.

### August 2020

- **Equipment sale to Greece:** Signed equipment sales and services contract worth €2 million with ewerGy toward 0.5MW<sub>e</sub> waste gasification project in Larissa, Greece, to be owned and operated by Greece based promoter and project developer, Agrigas.
- **Disposal of Pluckanes Windfarm Limited:** Sale of Pluckanes Windfarm Limited for maximum net proceeds of €383,503 (dependent on certain milestones relating to planning permission). The asset was previously owned by EQTEC through a wholly owned subsidiary.

### September 2020

- **Agreement for Southport Hybrid Energy Park Project in UK:** Co-development and option agreement with Rotunda Group Ltd. for waste management project in Southport, Merseyside for which EQTEC would seek additional planning permission for the deployment of its advanced gasification technologies. The proposed plant could convert annually over 55,000 tonnes of RDF for an estimated 6 MW<sub>e</sub> to 8 MW<sub>e</sub> of 'green' electricity.

### **Covid-19 and California, USA forest fires**

As with most businesses around the world, Covid-19 has impacted EQTEC's business, resulting in specific delays, but never in the termination of contracts or in loss of commitment toward financial close or other key milestones.

Due to the impact of Covid-19, in H1 2020, and now even into H2 2020, we have encountered delays and postponements toward financial close with specific opportunities. These were nearly always related to delays in formal documentation or approvals required by banks or government institutions, where understaffing due to employee furloughs or downsizing resulted in an inability to keep up with workloads. We are moving decisively with our partners to make up for lost time, but nonetheless foresee the potential for financial close on some projects being delayed by a full quarter or more.

For our NFCP project in USA, the impact of Covid-19 has been compounded by the added impact of forest fires across multiple states on the west coast of the USA and in the Sierra, where the project is located. Fortunately, the fires have not reached the NFCP site itself but the impact of both the threat and adverse environmental conditions on local communities has changed the pace of work and requirements for working people. This has slowed progress on the NFCP project, but we are continuing to closely engage with Phoenix Energy and other partners to work successfully through the challenges.

For both our employees and our partners' employees, their health, safety and wellbeing are our priority, which remains the case with both Covid-19 and the California fires. We are in regular communication with our partners and colleagues and receive regular reports on both situations and any impact they are having, so that we best manage through any challenges that they face. We are well advanced with virtual working and we have supported all countermeasures required to ensure the safety of our partners and stakeholders in fire zones.

Despite the impacts of both Covid-19 and the fires on businesses, we have nonetheless grown our pipeline of project and partners such that we expect even greater momentum as we all learn to mitigate and effectively navigate through them. We do not view Covid-19 as a passing threat but as a fact of life from which we need to learn and for which we need to adapt. To the extent that Covid-19 has given the world cause to pause and reconsider its relationship with its environment, we believe EQTEC's proposition and capabilities will become increasingly attractive in a world pushing harder for sustainable, clean energy and waste management.

### **Outlook**

- Pipeline health continuing through H2 2020 with 14 non-contracted tender opportunities worth a total potential contract value of €66 million, with a forecast of 13 new commercial offers and seven exclusivity contracts in H2 2020.
- Of over 40 opportunities and projects in our pipeline at end of H1 2020, more than half are expected to receive development capital from EQTEC as well as our partners. The acceleration is expected to drive us to closing deals more rapidly and deepening our partnerships.
- We will continue building and deepening partnerships in Europe, the USA and Asia toward increased support from EPC and development partners who can drive projects that deploy EQTEC technology in those markets.

- In parallel, we will continue to focus further on technology innovation and roadmap development toward maintaining our pre-eminence in advanced gasification, further developing it for a wider variety of applications for now and for the future.
- In H2 2020, we face some slowdown in closing deals as banks and government institutions grapple with the impacts of Covid-19 and we anticipate delays with financial close for some projects. We do not anticipate any contract cancellations or long-term postponements and expect to recover pace in 2021.
- As our sales and deal closing expertise scales, we will look to invest in the further development of our partnerships and disciplines with execution and project delivery. We expect to invest further in operational leadership and capabilities to ensure our technology is deployed to ensure the best value for our shareholders and wider stakeholders.

The unaudited interim results for the six months ended 30 June 2020, which are contained below and form part of this announcement, include further important information and disclosures. The announcement should be read in its entirety.

*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").*

## ENQUIRIES

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## About EQTEC plc

EQTEC is a world leading gasification technology partner with proven proprietary patented technology for cost effective waste-to-value applications.

EQTEC designs and supplies advanced gasification solutions that have a higher efficiency product offering and are modular and scalable from 1MW to 25MW. EQTEC's solutions are independently proven to process over 50 different types of feedstock, including municipal waste, agricultural waste, biomass and plastics. EQTEC's solutions produce a uniquely pure high-quality synthesis gas (syngas), that is capable of being used for the widest applications in the creation of energy, hydrogen and biofuels.

Proprietary technology design together with deployment and maintenance capabilities mitigate the risks when using third party equipment. EQTEC's Technology Integration capabilities enable the Group to lead collaborative ecosystems that build sustainable, waste elimination and green energy infrastructure.

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

Further information on the Company can be found at [www.eqtec.com](http://www.eqtec.com)

## CHIEF EXECUTIVE REPORT

As set out in my previous and first report (for the year ended 31 December 2019), our intention for H1 2020 was accelerated growth in our pipeline, partner and portfolio development. I can now report that we have achieved that, despite the challenging conditions experienced by companies around the world due to the Covid-19 pandemic. Our continuing focus on growing our pipeline has, to date, created additional non-contracted tender opportunities worth a total potential of €341 million amongst from which we sent full commercial offers worth a total of €205 million.

The acceleration of growth in our pipeline is built on our market leading waste gasification technology capabilities and enhanced by the partner relationships that we have established in nearly every one of our markets. Whether in public events, on webinars or at sales meetings, our prospective customers and partners alike are consistently impressed with our operational track record and our outlook for deployment of EQTEC's advanced gasification technology. Furthermore, they are deeply engaged and excited by the core technology itself - the simplicity of our reactor design, the precision of our tailoring to accommodate specific feedstock and fit specific offtake applications, the ingenuity of our sensors and software applications for precise monitoring and management of thermochemical and mechanical reactions. We know the potential for EQTEC's technology is immense and as more of our partners come to a similar recognition, we are gaining traction collaborating on a host of opportunities.

In Europe, we have solid foundations and have started expanding:

- In H1 2020, we deepened our relationship with Spanish customer Movialsa, who have been operating a 6MW<sub>e</sub> (megawatt electrical) plant powered by EQTEC technology for nearly 10 years and over 120,000 operating hours. Further to making an additional equipment sale to Movialsa, we reached an agreement for on-site visitations for prospective partners or other stakeholders interested in our technology, making our installation at Movialsa a true showcase for EQTEC.
- We partnered to build Greece's first ever advanced gasification plant with local developer, Agrigas, and German EPC, ewerGy. More broadly, our partnership with ewerGy brings with it a pipeline of potential projects in Greece, Bulgaria and the Balkans at large.
- In the UK, our MoU with longstanding EPC partner, *COBRA Instalaciones Y Servicios* and local developer, Scott Bros. Enterprises Limited, positions us well to pursue our development with approvals for building a plant of up to 25MW<sub>e</sub>.
- In Ireland, we partnered with Carbon Sole Group for future projects in biogas and district heating and waste to energy. The partnership immediately targeted three projects, each of which would see plants with capacity up to 25MW<sub>th</sub> (megawatt thermal), two of which we anticipate closing in 2021.
- Further business development started toward potential additional deals in Italy, Croatia and France.

In USA, we remain focused on further strengthening our relationship with Phoenix Energy in California:

- We secured the financial close of the North Fork Community Power (NFCP) project at the very start of 2020 and followed through with billing and receipt of €2.2 million in milestone payments for the sale of equipment and engineering and design services. The site is under development, the equipment has been manufactured and is expected to arrive on site next month.
- In addition, we progressed planning permission with Phoenix on a 2MW<sub>e</sub> to 3MW<sub>e</sub> site in Napa, California.

- Alongside Phoenix, we have identified further opportunities in California which are being actively progressed
- We responded to a legal claim by US company Aries Clean Energy, who filed a complaint for patent infringement. We continue to believe strongly in the importance of intellectual property rights and have conducted multiple reviews of Aries' claims as compared to our technologies, our own patents filed worldwide, and our own prior art products and publications. Our patent lawyers in both Europe and the USA concluded that we are not infringing on Aries' patents and that our own published work, gasifier installations, and technology deployments preceded Aries' work and the earliest priority dates for Aries' patents. The parties have since jointly stipulated to extend the court deadlines to encourage extra-judicial resolution of the dispute rather than unnecessarily spend further resources on litigation at this time. We have agreed with Aries to meet in Q4 2020 for commercial discussions to resolve the dispute. In the meantime, Aries' lawyers and ours will confer to reach a common understanding regarding the evidence that we believe plainly demonstrates our non-infringement.

In Asia, we received numerous enquiries, based on the strength of our technologies and the significant advantages our technologies have over alternatives, including in South Korea, Japan, Indonesia and Malaysia. We have commenced initial discussions with interested parties and are building relationships with potential partners. We intend to qualify strong, local partners in the region in whom we could confidently entrust the development, delivery and integration of EQTEC technology, such that our role could be limited to the provision of technology and services, with minimal oversight but maximum confidence in achieving our commercial and operational objectives.

Our pipeline growth across Europe, the USA and potentially Asia as well, underpinned by our expanding collaborative ecosystem of strategic partners, puts in place key elements of our growth platform. To significantly scale that platform, we have positioned EQTEC to invest capital behind a majority of deals in our pipeline. Not only do we expect this to accelerate progress toward financial close with those deals, but also create for EQTEC additional return on equity at financial close and/or recurring revenue over the course of the live operation of the resulting plants. We also expect this to allow EQTEC to redeploy capital from these ventures into future investments.

Looking ahead to H2 2020 and into 2021, we expect pipeline growth to continue and our partner portfolio approach to continue bearing fruit. We are starting to experience a slowdown in closing some deals as banks and government institutions grapple with the impacts of Covid-19, so we expect some delays in closing certain deals targeted for H2, shifting into H1 2021. Given the size of our growing pipeline and the enthusiasm in our waste gasification technology from every partner and customer we meet, we see 2021 as potentially much more significant in terms of deal closures and revenue growth. Fuelled further by investment of EQTEC's own development capital in a majority of these opportunities, we are prepared for this expected growth and are continuing to scale our business to help ensure we successfully execute on the attractive opportunities and drive revenue and shareholder value.

To complement our rapid growth, we have appointed an interim Operations Director to focus on improving structure and further adoption of best practices inside the business. The work underway through Q3 2020 and into Q4 2020 will support the update of our three-year business plan, establish a lean and effective organisational structure, supported by effective tools and ways of working to support consistency, quality and speed. Additionally, this role will look beyond commercial disciplines to project delivery and execution, with the aim of establishing a codified 'EQTEC Way' for delivering our best-in-class technologies into development projects. Subject to the outcome of this work, we will consider making this role a permanent and important part of our future organisation. We look to the future with increased confidence.

**David Palumbo**

## Unaudited condensed consolidated statement of profit or loss for the six months ended 30 June 2020

	Notes	6 months ended 30 June 2020	6 months ended 30 June 2019
		€	€
<b>Revenue</b>	6	770,308	1,560,773
Cost of sales		<u>(690,166)</u>	<u>(1,473,624)</u>
<b>Gross profit</b>		80,142	87,149
<b>Operating income/(expenses)</b>			
Administrative expenses		(1,489,373)	(1,138,227)
Impairment of financial investments		(17,324)	-
Other income		45,810	29,197
Other gains/(losses)		-	2,451
Foreign currency gains/(losses)		<u>74,470</u>	<u>(95,267)</u>
<b>Operating loss</b>		(1,306,275)	(1,114,697)
Finance costs		<u>(540,135)</u>	<u>(855,503)</u>
<b>Loss before taxation</b>	6	(1,846,410)	(1,970,200)
Income tax	7	-	-
<b>Loss for the financial period from continuing operations</b>		(1,846,410)	(1,970,200)
Profit for the financial period from discontinued operations	15	<u>24,827</u>	<u>14,562</u>
<b>LOSS FOR THE FINANCIAL PERIOD</b>		<u>(1,821,583)</u>	<u>(1,955,638)</u>
<b>Loss/(Profit) attributable to:</b>			
Owners of the company		(1,819,363)	(2,079,311)
Non-controlling interest		<u>(2,220)</u>	<u>123,673</u>
		<u>(1,821,583)</u>	<u>(1,955,638)</u>
		<b>6 months ended 30 June 2020</b>	<b>6 months ended 30 June 2019</b>
		<b>€ per share</b>	<b>€ per share</b>
Basic loss per share:			
From continuing operations	8	<u>(0.0005)</u>	<u>(0.0010)</u>
From continuing and discontinued operations	8	<u>(0.0005)</u>	<u>(0.0010)</u>
Diluted loss per share:			
From continuing operations	8	<u>(0.0005)</u>	<u>(0.0010)</u>
From continuing and discontinued operations	8	<u>(0.0005)</u>	<u>(0.0010)</u>

## Unaudited condensed consolidated statement of other comprehensive income for the six months ended 30 June 2020

	6 months ended 30 June 2020	6 months ended 30 June 2019
	€	€
<b>Loss for the financial period</b>	<u>(1,821,583)</u>	<u>(1,955,638)</u>
<b>Other comprehensive income/(loss)</b>		



**Items that may be reclassified  
subsequently to profit or loss**

Exchange differences arising on retranslation  
of foreign operations

(141,181)                      420

(141,181)                      420

**Total comprehensive loss for the financial period**

(1,962,764)                      (1,955,218)

Attributable to:

Owners of the company

(2,009,617)                      (2,076,886)

Non-controlling interests

46,853                              121,668

(1,962,764)                      (1,955,218)

**Unaudited condensed consolidated statement of financial position  
At 30 June 2020**

	Notes	30 June 2020	31 December 2019
		€	€
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		229,523	271,255
Intangible assets	9	15,283,459	15,283,459
Financial assets	10	2,081,380	2,229,006
Other financial investments		-	<u>17,324</u>
Total non-current assets		<u>17,594,362</u>	<u>17,801,044</u>
<b>Current assets</b>			
Inventories		60,643	-
Trade and other receivables		242,400	728,587
Cash and cash equivalents		<u>1,724,318</u>	<u>482,392</u>
		2,027,361	1,210,979
Assets included in disposal group classified as held for resale	15	<u>1,165,724</u>	<u>1,198,074</u>
Total current assets		<u>3,193,085</u>	<u>2,409,053</u>
<b>Total assets</b>		<b><u>20,787,447</u></b>	<b><u>20,210,097</u></b>

**Unaudited condensed consolidated statement of financial position  
At 30 June 2020 – continued**

	Notes	30 June 2020	31 December 2019
		€	€
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	21,617,882	21,317,482
Share premium		53,279,525	52,487,278
Accumulated deficit		<u>(58,036,915)</u>	<u>(56,011,538)</u>
Equity attributable to the owners of the company		16,860,492	17,793,222
Non-controlling interests		<u>(2,263,661)</u>	<u>(2,326,274)</u>
Total equity		<u>14,596,831</u>	<u>15,466,948</u>
<b>Non-current liabilities</b>			
Borrowings	12	188,729	188,729
Lease liabilities	13	<u>149,406</u>	<u>191,708</u>

Total non-current liabilities		<u>338,135</u>	<u>380,437</u>
<b>Current liabilities</b>			
Trade and other payables	14	2,122,524	876,071
Borrowings	12	2,856,204	2,556,960
Lease liabilities	13	<u>83,975</u>	<u>82,726</u>
		5,062,703	3,515,757
Liabilities included in disposal group classified as held for resale	15	<u>789,778</u>	<u>846,955</u>
Total current liabilities		<u>5,852,481</u>	<u>4,362,712</u>
<b>Total equity and liabilities</b>		<b><u>20,787,447</u></b>	<b><u>20,210,097</u></b>

**Unaudited condensed consolidated statement of changes in equity  
for the six months ended 30 June 2020 and the six months ended 30 June 2019**

	Share Capital €	Share premium €	Accumulated deficit €	Equity attributable to owners of the company €	Non- controlling interests €	Total €
<b>Balance at 1 January 2019</b>	<u>19,182,850</u>	<u>47,582,446</u>	<u>(52,341,726)</u>	<u>14,423,570</u>	<u>(2,552,863)</u>	<u>11,870,707</u>
Issue of ordinary shares in EQTEC plc	390,300	2,161,938	-	2,552,238	-	2,552,238
Conversion of debt into equity	882,310	2,573,467	-	3,455,777	-	3,455,777
Share issue costs	-	<u>(125,799)</u>	-	<u>(125,799)</u>	-	<u>(125,799)</u>
<i>Transactions with owners</i>	<u>1,272,610</u>	<u>4,609,606</u>	-	<u>5,882,216</u>	-	<u>5,882,216</u>
Loss for the financial period	-	-	(2,079,311)	(2,079,311)	123,673	(1,955,638)
Unrealised foreign exchange gains/(losses)	-	-	<u>2,425</u>	<u>2,425</u>	<u>(2,005)</u>	<u>420</u>
<i>Total comprehensive loss for the financial period</i>	-	-	<u>(2,076,886)</u>	<u>(2,076,886)</u>	<u>121,668</u>	<u>(1,955,218)</u>
<b>Balance at 30 June 2019</b>	<u>20,455,460</u>	<u>52,192,052</u>	<u>(54,418,612)</u>	<u>18,228,900</u>	<u>(2,431,195)</u>	<u>15,797,705</u>
<b>Balance at 1 January 2020</b>	<u>21,317,482</u>	<u>52,487,278</u>	<u>(56,011,538)</u>	<u>17,793,222</u>	<u>(2,326,274)</u>	<u>15,466,948</u>
Issue of ordinary shares in EQTEC plc	300,400	796,144	-	1,096,544	-	1,096,544
Reclassification on non-controlling interests	-	-	(15,760)	(15,760)	15,760	-
Share issue costs	-	<u>(3,897)</u>	-	<u>(3,897)</u>	-	<u>(3,897)</u>
<i>Transactions with owners</i>	<u>300,400</u>	<u>792,247</u>	<u>(15,760)</u>	<u>1,076,887</u>	<u>15,760</u>	<u>1,092,647</u>
Loss for the financial period	-	-	(1,819,363)	(1,819,363)	(2,220)	(1,821,583)
Unrealised foreign exchange losses	-	-	<u>(190,254)</u>	<u>(190,254)</u>	<u>49,073</u>	<u>(141,181)</u>
<i>Total comprehensive loss for the financial period</i>	-	-	<u>(2,009,617)</u>	<u>(2,009,617)</u>	<u>46,853</u>	<u>(1,962,764)</u>
<b>Balance at 30 June 2020</b>	<u>21,617,882</u>	<u>53,279,525</u>	<u>(58,036,915)</u>	<u>16,860,492</u>	<u>(2,263,661)</u>	<u>14,596,831</u>

## Unaudited condensed consolidated statement of cash flows for the six months ended 30 June 2020

	Notes	6 months ended 30 June 2020 €	6 months ended 30 June 2019 €
<b>Cash flows from operating activities</b>			
Loss for the financial period		(1,846,410)	(1,970,200)
Adjustments for:			
Depreciation of property, plant and equipment		41,732	9,529
Amortisation of intangible assets		-	461
Write off of financial liability		(5,691)	-
Impairment of financial assets		17,324	-
Bad debt expense		-	3,255
(Gain)/loss on debt for equity swap		-	(2,451)
Unrealised foreign exchange movements		<u>247,712</u>	<u>103,110</u>
Operating cash flows before working capital changes		(1,545,333)	(1,856,296)
(Increase)/decrease in:			
Inventories		(60,643)	(22,011)
Trade and other receivables		(45,050)	229,933
Increase/(decrease) in Trade and other payables		<u>1,258,709</u>	<u>(362,595)</u>
<b>Cash used in operating activities – continuing operations</b>		(392,317)	(2,010,969)
Finance costs		<u>540,135</u>	<u>855,503</u>
<b>Net cash generated from/(used in) operating activities – continuing operations</b>		<b>147,818</b>	<b>(1,155,466)</b>
Net cash generated from operating activities – discontinued operations	15	<u>84,821</u>	<u>84,012</u>
<b>Cash generated from/(used in) operating activities</b>		<b><u>232,639</u></b>	<b><u>(1,071,454)</u></b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		-	(15,391)
Proceeds from the disposal of property, plant and equipment		300,000	-
Additions to intangible assets		-	<u>(4,606)</u>
<b>Net cash generated from/(used in) investing activities – continuing operations</b>		300,000	<b>(19,997)</b>
Net cash generated from/(used in) investing activities – discontinued operations	15	<u>3</u>	<u>3</u>
<b>Net cash generated from/(used in) investing activities</b>		<b><u>300,003</u></b>	<b><u>(19,994)</u></b>

## Unaudited condensed consolidated statement of cash flows for the six months ended 30 June 2020 – *continued*

	Notes	6 months ended 30 June 2020 €	6 months ended 30 June 2019 €
<b>Cash flows from financing activities</b>			
Proceeds from borrowings and lease liabilities		-	317,424
Repayment of borrowings and lease liabilities		(182,232)	(819,577)
Proceeds from issue of ordinary shares		1,031,274	1,604,394
Share issue costs		(16,207)	(138,873)
Loan issue costs		(30,944)	-
Interest paid		<u>(7,783)</u>	<u>(11,552)</u>

<b>Net cash generated from financing activities – continuing operations</b>		794,108	951,816
Net cash used in financing activities – discontinued operations	15	<u>(61,861)</u>	<u>(59,309)</u>
<b>Net cash generated from financing activities</b>		<b><u>732,247</u></b>	<b><u>892,507</u></b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>1,264,889</b>	<b>(198,941)</b>
Cash and cash equivalents at the beginning of the financial period		<u>608,194</u>	<u>587,569</u>
<b>Cash and cash equivalents at the end of the financial period</b>		<b>1,873,083</b>	<b>388,628</b>
Cash and cash equivalents included in disposal group	15	<u>(148,765)</u>	<u>(151,424)</u>
<b>Cash and cash equivalents for continuing operations</b>		<b><u>1,724,318</u></b>	<b><u>237,204</u></b>

## Notes to the unaudited condensed consolidated financial statements

### 1. GENERAL INFORMATION

The unaudited interim condensed consolidated financial statements of EQTEC plc (“the Company”) and its subsidiaries (“the Group”) for the six months ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 28 September 2020.

EQTEC plc is a company domiciled in Ireland. The Company’s registered office is at Building 1000, City Gate, Mahon, Cork T12 W7CV, Ireland. The Company’s shares are quoted on the AIM market of the London Stock Exchange plc.

The Group is a waste-to-value group, which uses its proven proprietary Advanced Gasification Technology to generate safe, green energy from over 50 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.

Revenue comes from licensing and selling its technology, supplying gasification reactors and equipment, and engineering and design services using its unique expertise. The Group also expects to receive project development fees and equity returns from projects in which it invests.

### 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements are for the six months ended 30 June 2020 and are presented in Euro, which is the functional currency of the parent company. They have been prepared on a going concern basis in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company’s published consolidated financial statements for the financial year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The financial information contained in this interim statement, which is unaudited, does not constitute statutory accounts as defined by the Companies Act, 2014. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s financial statements for the financial year ended 31 December 2019. The financial statements of the Group were prepared in accordance with IFRSs as adopted by the European Union and can be found on the Group’s website at [www.eqtec.com](http://www.eqtec.com).

The financial information for the six months ended 30 June 2020 and the comparative financial information for the six months ended 30 June 2019 have not been audited or reviewed by the Company’s auditors pursuant to guidance issued by the Auditing Practices Board. The comparative figures for the financial year ended 31 December 2019 are

not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and will be delivered to the Company's Registration Office in due course. The audit report on those statutory accounts was unqualified with a material uncertainty paragraph in relation to going concern.

The Group incurred a loss on continuing operations of €1,846,410 (1H 2019: €1,970,200) during the six-month period ended 30 June 2020 and had net current liabilities of €2,659,396 (31 December 2019: €1,953,659) at 30 June 2020.

### **Going concern**

The unaudited interim financial statements have been prepared on the going concern basis, which assumes that the Company will have sufficient funds available to enable them to continue to trade for the foreseeable future.

During July 2020, the Company raised £10 million (before expenses) by way of a Placing and Retail Offer.

The directors are confident that the funding received by the Company in July 2020 will ensure that it will continue as a going concern and that there will be sufficient funding in the Company to continue to support its activities for the foreseeable future being not less than twelve months from the date of approval of these financial statements. The directors have therefore prepared the financial statements on a going concern basis. The financial statements do not include any adjustments that would arise if the Company were unable to continue as a going concern.

## **3. BASIS OF CONSOLIDATION**

The unaudited interim condensed consolidated financial statements include the financial statements of the Group and all subsidiaries. The financial period ends of all entities in the Group are coterminous.

## **4. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies used in preparing the unaudited interim condensed consolidated financial information are consistent with those disclosed in the Annual Report and Accounts of EQTEC plc for the financial year ended 31 December 2019, except for the adoption of new standards and interpretations and revisions of existing standards as of 1 January 2020 noted below.

### **New/revised standards and interpretations adopted in 2020**

The following amendments to existing standards and interpretations were effective in the period to 30 June 2020, but were either not applicable or did not have any material effect on the Group:

- Amendments to IFRS 3: *Definition of a Business*;
- Amendments to IFRS 7, IFRS 9 and IAS 39: *Interest Rate Benchmark Reform*;
- Amendments to IAS 1 and IAS 8: *Definition of Material*;
- *Conceptual Framework Amendments to References to the Conceptual Framework in IFRS Standards*.

The directors do not expect the adoption of the above amendments and interpretations to have a material effect on the interim condensed financial statements in the period of initial application.

## **5. ESTIMATES**

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses together with disclosure of contingent assets and liabilities. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions of accounting estimates are recognised in the period in which the estimate is revised.

The judgements, estimations and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the financial year ended 31 December 2019.

## **6. 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:

	<b>Segment Revenue</b>		<b>Segment Profit/(Loss)</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	€	€	€	€
Technology Sales	770,308	1,539,242	(407,482)	(591,734)
Power Generation	-	<u>21,531</u>	<u>(4,565)</u>	<u>245,158</u>
<b>Total from continuing operations</b>	<u>770,308</u>	<u>1,560,773</u>	(412,047)	(346,576)
Central administration costs and directors' salaries			(997,184)	(704,502)
Impairment of financial investments			(17,324)	-
Other income			45,810	29,197
Other gains and losses			-	2,451
Foreign currency gains/(losses)			74,470	(95,267)
Finance costs			<u>(540,135)</u>	<u>(855,503)</u>
<b>Loss before taxation (continuing operations)</b>			<u>(1,846,410)</u>	<u>(1,970,200)</u>

Revenue reported above represents revenue generated from associated undertakings and external customers. Inter-segment sales for the financial period amounted to €Nil (2019: €Nil). Included in revenues in the Technology Sales Segment are revenues of €691,163 (2019: €Nil) which arose from sales to North Fork Community Power LLC, an associate undertaking of EQTEC plc. Included in revenues in the Power Generation Segment are revenues of Nil (2019: €21,531) which arose from sales to GG Eco Energy Limited, a former associate undertaking of EQTEC plc.

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 losses of jointly controlled entities, investment revenue and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Other segment information:

	<b>Depreciation and amortisation</b>		<b>Additions to non-current assets</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	€	€	€	€
Technology sales	41,732	8,402	-	14,878
Power Generation	-	-	-	-
Head Office	-	<u>1,588</u>	-	<u>5,119</u>
	<u>41,732</u>	<u>9,990</u>	-	<u>19,997</u>

The Group operates in four principal geographical areas: Republic of Ireland (country of domicile), Spain, United States 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:

	<b>Revenue from Associates and External Customers</b>		<b>Non-current assets*</b>	
	<b>6 months ended</b>	<b>6 months ended</b>	<b>As at</b>	<b>As at</b>
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>31 December 2019</b>
	€	€	€	€
Republic of Ireland	-	-	-	-

Spain	79,145	1,539,242	229,523	271,255
United States	691,163	-		
United Kingdom	-	<u>21,531</u>	-	-
	<u>770,308</u>	<u>1,560,773</u>	<u>229,523</u>	<u>271,255</u>

\*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.

<b>7. INCOME TAX</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30 June 2020</b>	<b>30 June 2019</b>
	€	€
Income tax expense comprises:		
Current tax expense	-	-
Deferred tax credit	-	-
Adjustment for prior financial periods	-	-
<b>Tax expense</b>	<b>-</b>	<b>-</b>

An income tax charge does not arise for the six months ended 30 June 2020 or 30 June 2019 as the effective tax rate applicable to expected total annual earnings is Nil as the Group has sufficient tax losses coming forward to offset against any taxable profits. A deferred tax asset has not been recognised for the losses coming forward.

<b>8. LOSS PER SHARE</b>	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30 June 2020</b>	<b>30 June 2019</b>
	€ per share	€ per share
<b>Basic loss per share</b>		
From continuing operations	(0.0005)	(0.0010)
From discontinued operations	-	-
Total basic loss per share	<u>(0.0005)</u>	<u>(0.0010)</u>
<b>Diluted loss per share</b>		
From continuing operations	(0.0005)	(0.0010)
From discontinued operations	-	-
Total diluted loss per share	<u>(0.0005)</u>	<u>(0.0010)</u>

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

	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30 June 2020</b>	<b>30 June 2019</b>
	€	€
Loss for period attributable to equity holders of the parent	<u>(1,819,363)</u>	<u>(2,079,311)</u>
Profit for the period from discontinued operations used in the calculation of basic earnings per share from discontinued operations	<u>24,827</u>	<u>14,562</u>
Losses used in the calculation of basic loss per share from continuing operations	<u>(1,844,190)</u>	<u>(2,093,873)</u>
	<b>No.</b>	<b>No.</b>



Weighted average number of ordinary shares for the purposes of basic loss per share	<u>3,989,442,933</u>	<u>2,098,822,463</u>
Weighted average number of ordinary shares for the purposes of diluted loss per share	<u>3,989,442,933</u>	<u>2,098,822,463</u>

#### **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.

	<b>30 June 2020</b>	<b>30 June 2019</b>
Share warrants in issue	576,876,933	362,006,064
Convertible loans in issue	<u>235,991,940</u>	<u>331,566,767</u>
Total anti-dilutive shares	<u>812,868,873</u>	<u>693,572,831</u>

#### **Events after the balance sheet date**

As set out in note 18 below, 2,628,936,059 ordinary shares were issued after the period end. If these shares were in issue prior to 30 June 2020, they would have affected the calculation of the weighted average number of shares in issue for the purposes of calculating both the basic loss per share and diluted loss per share by 438,156,010 (assuming the shares were issued in June 2020).

### **9. INTANGIBLE ASSETS**

Included in intangible assets are the following amounts relating to goodwill:

	<b>30 June 2020</b>	<b>31 December 2019</b>
<b>Cost</b>	<b>€</b>	<b>€</b>
At start and at end of period	<u>16,710,497</u>	<u>16,710,497</u>
<b>Accumulated impairment losses</b>		
At start and at end of period	<u>1,427,038</u>	<u>1,427,038</u>
<b>Carrying value</b>		
At start and at end of period	<u>15,283,459</u>	<u>15,283,459</u>

### **10. FINANCIAL ASSETS**

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>€</b>	<b>€</b>
Investment in associated undertakings	<u>2,081,380</u>	<u>2,229,006</u>

Details of the Group's interests in associated undertakings at 30 June 2020 is as follows:

<i>Name of associated undertaking</i>	<i>Country of incorporation</i>	<i>Shareholding</i>	<i>Principal activity</i>
North Fork Community Power LLC	United States of America	19.99%	Operator of biomass gasification power project

For the first five years of operation the share of profits from the associate is limited to 0.1999% rising to 19.99% thereafter.

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

<b>30 June 2020</b>	<b>31 December 2019</b>
<b>€</b>	<b>€</b>

Non-current assets	1,341,850	1,339,413
Current assets	18,486,630	17,993,577
Non-current liabilities	(18,664,781)	(18,721,867)
Current liabilities	<u>(53,268)</u>	<u>(34,885)</u>
Net assets	<u>1,110,431</u>	<u>576,238</u>
Group's share of net assets of associated entities	<u>221,975</u>	<u>115,190</u>

	<b>6 months ended 30 June 2020</b>	<b>6 months ended 30 June 2019</b>
	<b>€</b>	<b>€</b>
Total revenues	12,721	-
Total expenses	<u>(2,461)</u>	<u>-</u>
Total profit for the financial period	<u>10,260</u>	<u>-</u>
Group's share of profits of associated entities	-	-

The investment in North Fork Community Power LLC is accounted for using the equity method in accordance with IAS 28. The associate has not yet commenced to fully trade.

## 11. EQUITY

During the 6-month period ended 30 June 2020, 300,400,000 shares (6 months ended 30 June 2019: 1,272,610,068 shares) were issued for cash via the exercise of warrants.

<b>Amounts of shares</b>	<b>6 months ended 30 June 2020</b>	<b>6 months ended 30 June 2019</b>
Ordinary Shares of €0.001 each issued and fully paid		
- Beginning of the period	3,939,376,266	1,804,744,243
- Issued on exercise of warrants	300,400,000	-
- Issued in lieu of borrowings	-	882,310,183
- Share issue private placement	<u>-</u>	<u>390,299,885</u>
<b>Total Ordinary shares of €0.001 each authorised, issued and fully paid at the end of the period</b>	<u>4,239,776,266</u>	<u>3,077,354,311</u>

## 12. BORROWINGS

During the six months ended 30 June 2020, the following occurred in relation to debt securities:

### *Altair Loan Facility*

On 1 June 2020, the Company and Altair Group Investment Limited ("Altair") entered into a deed of amendment (the "Altair Deed of Amendment"), pursuant to which the parties have amended the Altair Loan Facility as follows:

- The outstanding principal and interest of £956,370 has been consolidated into a new principal amount (the "Altair Loan").
- As of 1 June 2020, interest accrues on the Altair Loan at a rate of 10 per cent. per annum rather than 12.5 per cent. per annum.
- The repayment date of the Altair Loan has been extended from 31 July 2020 to 30 June 2021.
- In the event of the conversion of the Altair Loan, the conversion price shall be the higher of: (i) 0.375 pence per new Ordinary Share; and (ii) a 10 per cent. discount to the volume weighted average price of the Ordinary Shares on AIM ("VWAP") for the ten trading days immediately preceding the delivery of a conversion notice.
- Any shares issued as product of the conversion of the Altair Loan will be subject to a lock-in until 30 June 2021.
- A reprofiling fee of £95,637 (being 10 per cent. of the Altair Loan as at 31 May 2020) shall also be paid by the Company to Altair on the maturity date of the loan. This is in addition to the existing Altair Redemption Fee.

Save to the extent amended by the Altair Deed of Amendment, the Altair Loan Facility remains on the terms previously announced, with a balance of £1,083,882 available for draw down by the Company and will remain secured by mortgage debentures, cross guarantees and share pledges over EQTEC and its subsidiary companies.

#### *Riverfort Facility*

On 1 June 2020, the Company and the Riverfort Lenders (being, collectively, Riverfort Global Opportunities PCC Ltd (formerly Cuart Investments Fund) and YA II PN, Ltd) entered into a deed of variation (the "Riverfort Deed of Variation") pursuant to which the parties have amended the Riverfort Facility as follows:

- The outstanding principal and interest of US\$1,766,772 has been consolidated into a new principal amount (the "Riverfort Loan").
- As of 1 June 2020, interest accrues on the Riverfort Loan at a rate of 10 per cent. per annum rather than 12.5 per cent. per annum.
- The previous repayment date of the Riverfort Loan of 31 July 2020 has been varied as follows:
  - US\$100,000 (plus any Riverfort Redemption Fee payable) will be paid to the Riverfort Lenders as soon as possible and, in any event, no later than 30 June 2020; and
  - US\$555,000 (plus accrued interest and any Riverfort Redemption Fee) will be repaid on 29 January 2021; and
  - the remaining balance, being US\$1,111,772 (plus accrued interest and any Riverfort Redemption Fee) will be repaid on 30 June 2021.
- Notwithstanding the above, if EQTEC closes a third-party fundraising prior to any of the repayment dates, 20 per cent. of the gross proceeds of such fundraising will be used to settle the relevant portion of the instalment of the Riverfort Loan due on the next repayment date (together with the interest that has accrued thereon and remains unpaid and any Riverfort Redemption Fee), subject to the payment being no more than \$353,354.
- A reprofiling fee of \$176,677 (being 10 per cent. of the Riverfort Loan as at 31 May 2020) shall also be paid by the Company to the Riverfort Lenders as soon as possible and, in any event, by 30 November 2020. This is in addition to the existing Riverfort Redemption Fee mentioned above.

Only on the occurrence of an event of default under the Riverfort Facility is the Riverfort Loan convertible by the Riverfort Lenders. In the event of the conversion of the Riverfort Loan, the conversion price shall, at the election of the Riverfort Lenders, be either: (i) the Fixed Price; or (ii) an amount equal to 90 per cent. of the lowest daily VWAP for the ten trading days immediately preceding the conversion date.

Save to the extent amended by the Riverfort Deed of Variation, the Riverfort Facility remains on the terms previously announced and will remain secured by mortgage debentures, cross guarantees and share pledges over EQTEC and its subsidiary companies.

Pursuant to the terms of the Riverfort Deed of Variation, the Riverfort Lenders agreed to surrender the existing warrants granted to them by EQTEC over an aggregate of 114,646,452 Ordinary Shares (at exercise prices of 1.19 pence per share for 81,296,134 Ordinary Shares and 1.57 pence per share for 33,350,318 Ordinary Shares) in return for the grant by the Company of warrants over 191,000,000 Ordinary Shares (with warrants over 95,500,000 Ordinary Shares to be granted to each Riverfort Lender). Such warrants will be exercisable for a period of three years from the date of grant at a price of 0.375 pence per share which is a 44% premium on the closing price on Friday 29 May 2020 which was the last available share price prior to the agreement between the parties being finalised. These warrants were exercised in full by Riverfort Lenders on 19 June 2020.

### **13. LEASES**

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

	<b>30 June 2020</b>	<b>31 December 2019</b>
<b>Group</b>	<b>€</b>	<b>€</b>
Current	83,975	82,726
Non-current	<u>149,406</u>	<u>191,708</u>
	<u>233,381</u>	<u>274,434</u>

The Group has a lease for its office in Spain. The lease liabilities are secured by the related underlying asset. Further minimum lease payments at 30 June 2020 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
	€	€	€	€	€	€	€
<b>30 June 2020</b>							
Lease payments	89,828	89,828	63,628	-	-	-	243,284
Finance charges	<u>(5,853)</u>	<u>(3,299)</u>	<u>(751)</u>	-	-	-	<u>(9,903)</u>
<b>Net Present Values</b>	<u>83,975</u>	<u>86,529</u>	<u>62,877</u>	-	-	-	<u>233,381</u>
<b>31 December 2019</b>							
Lease payments	89,828	89,828	89,828	18,714	-	-	288,198
Finance charges	<u>(7,102)</u>	<u>(4,585)</u>	<u>(1,993)</u>	<u>(84)</u>	-	-	<u>(13,764)</u>
<b>Net Present Values</b>	<u>82,726</u>	<u>85,243</u>	<u>87,835</u>	<u>18,630</u>	-	-	<u>274,434</u>

#### 14. TRADE AND OTHER PAYABLES

Included in trade and other payables at 30 June 2020 is revenue of €958,837 (31 December 2019: €Nil) that has yet to be recognised in the statement of profit or loss, arising from the contract with North Fork Community Power, LLC.

#### 15. DISPOSAL GROUP CLASSIFIED AS HELD FOR RESALE AND DISCONTINUED OPERATIONS

As at 30 June 2020, the Group was in negotiations with certain parties with respect to the sale of its subsidiary, Pluckanes Windfarm Limited, which is involved in the generation of electricity through wind. The disposal is consistent with the Group's long-term policy to focus its activities as a technology solution company for waste gasification to energy projects. The disposal was finalised in August 2020 (See Note 18).

Consequently, assets and liabilities allocable to Pluckanes Windfarm Limited were classified as a disposal group. Revenues and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group's continuing activities and are shown as a single line item on the face of the statement of profit or loss. The combined results of the discontinued operations included in the loss for the financial period are set out below.

	6 months ended 30 June 2020	6 months ended 30 June 2019
	€	€
<b>Profit for the financial period from discontinued operations</b>		
Revenue	108,481	97,247
Cost of sales	<u>(530)</u>	<u>(480)</u>
	107,951	96,767
Administrative Expenses	<u>(68,658)</u>	<u>(66,212)</u>
Operating Profit	39,293	30,555
Finance Costs	(14,469)	(15,996)
Finance Income	<u>3</u>	<u>3</u>
Profit from discontinued operations before tax	24,827	14,562
Tax Expenses	-	-
Profit for the financial period from discontinued operations (attributable to owners of the Company)	<u>24,827</u>	<u>14,562</u>

Cash flows generated by Pluckanes Windfarm Limited for the financial periods under review are as follows:

	6 months ended 30 June 2020	6 months ended 30 June 2019
	€	€
<b>Cash flows from discontinued operations</b>		
Operating activities	84,821	84,012
Investing activities	3	3
Financing activities	<u>(61,861)</u>	<u>(59,309)</u>
Net cash flows (used in)/generated from discontinued operations	<u>22,963</u>	<u>24,706</u>

The carrying amount of assets and liabilities in this disposal group are summarised as follows:

	<b>30 June 2020</b>	<b>31 December 2019</b>
	€	€
<b><i>Assets classified as held for resale:</i></b>		
<u>Non-current assets:</u>		
Property, plant and equipment	981,180	1,017,613
<u>Current assets:</u>		
Trade and other receivables	35,779	54,659
Cash and cash equivalents	<u>148,765</u>	<u>125,802</u>
Assets classified as held for resale	<u>1,165,724</u>	<u>1,198,074</u>
<b><i>Liabilities classified as held for resale:</i></b>		
<u>Current liabilities:</u>		
Borrowings	774,224	821,634
Trade and other payables	<u>15,554</u>	<u>25,321</u>
Liabilities classified as held for resale	<u>789,778</u>	<u>846,955</u>

The directors of the Company expect that the fair value less costs to sell Pluckanes Windfarm Limited will be higher than the aggregate carrying amount of the related assets and liabilities. Therefore, no impairment loss was recognised on reclassification of the assets and liabilities as held for resale.

## 16. RELATED PARTY TRANSACTIONS

The Group's related parties include: Altair Group Investment Limited ("Altair") (which, held 20% of the shares in the Company at 30 June 2020); certain associate companies of the Group; and key management.

### Transactions with Altair

Interest payable to Altair for the six month period ended 30 June 2020 amounted to €167,783 (Six months ended 30 June 2020: €339,811); this includes a redemption fee of €Nil (6 months ended 30 June 2019: €114,583 with respect to a redemption fee for the early settlement of the loan and a reprofiling fee of €106,321 (6 months ended 30 June 2019: €Nil) regarding the reprofiling of the debt facility that took place on 1 June 2020.

Included in borrowings at 30 June 2020 is an amount of €1,163,508 (31 December 2019: €1,070,915) due to Altair from the Group.

### Transactions with associate undertakings

During the six-month period ended 30 June 2020, the Company booked in revenue €691,163 (six months ended 30 June 2020: €Nil) from its associated undertaking, North Fork Community Power LLC, on the sale of equipment and the supply of engineering and design services. Included in trade and other receivables at 30 June 2020 is €Nil due from North Fork Community Power LLC (31 December 2019: €Nil). Included in trade and other payables at 30 June 2020 is revenue of €958,837 that has yet to be recognised in the statement of profit or loss, arising from the contract with North Fork Community Power, LLC. (31 December 2019: €Nil).

During the period ended 30 June 2020, the Group realised €Nil (2019: €21,531) from its former associated undertaking, GG Eco Energy Limited, on consultancy fees associated with the generation of heat. Included in trade and other receivables at 30 June 2020 is €Nil due from GG Eco Energy Limited (31 December 2019: €Nil).

## 17. CONTINGENT LIABILITIES

### Legal Complaint

On 13 July 2020, the Group announced that lawyers acting for Aries Clean Energy LLC of Franklin, Tennessee, USA ("Aries") filed a complaint in a California court on 9 July 2020 (the "Aries claim"), against the Company and others, alleging patent infringement through the use of the Group's advanced gasification technology in the North Fork Community Power plant in California USA. The complaint is limited to the US only and does not extend to the Company's activities and pipeline of projects in the UK and Europe. The Group's expert US legal counsel is advising the Group on these matters. The Company believes that Aries' claim lacks merit. If the parties are unable to reach a business resolution, the Company intends to vigorously defend the case, and refutes any allegation that the Group's technology infringes any asserted Aries patent.

No provision has been made in these financial statements as the Group's management do not consider that there will be any probable loss.

## **18. EVENTS AFTER THE BALANCE SHEET DATE**

### *Placing*

On 9 July 2020, the Company announced its intention to raise approximately £10 million, before expenses, by way of (i) a placing of new Ordinary Shares of €0.001 each at a fixed price of 0.45 pence per new Ordinary Share (the "Issue Price") to institutional and other investors (the "Placing") and (ii) an offer for subscription for new Ordinary Shares of €0.001 each by PrimaryBid ("PrimaryBid Shares") at the Issue Price to retail investors (the "PrimaryBid Offer" and, together with the Placing, the "Fundraising"). The Company announced later that day that it had successfully completed the oversubscribed Fundraising and that the Placing and PrimaryBid Offer had raised £10 million (before expenses) through the placing of 2,000,000,000 Placing Shares and subscription for 222,222,220 PrimaryBid Shares, both at an Issue Price of 0.45 pence per share.

### *Debt Reprofiting and Altair Conversion*

As set out in note 12 and announced on 1 June 2020, during the reporting period the Company reached agreement to reprofile the payment obligations with its lenders, resulting in, *inter alia*, the extension of the maturity dates to 30 June 2021 (the "Debt Reprofiting"). As part of the Debt Reprofiting, it was agreed with the Riverfort Lenders that, if EQTEC were to close a third-party fundraising prior to any of the repayment dates, 20 per cent. of the gross proceeds of such fundraising will be used to settle the relevant portion of the instalment of the Riverfort Loan due on the next repayment date, being 29 January 2021 (together with the interest that has accrued thereon and remains unpaid and any redemption fees), subject to such payment being no more than US\$353,354. Accordingly, part of the proceeds of the Fundraising, amounting to approximately £311,000, was used to satisfy this commitment.

The Company also announced that Altair Group Investment Limited ("Altair") had agreed, subject to completion of the Placing, to convert £1,061,964 of its loan, representing the entire principal amount outstanding and all interest accrued to date, plus its reprofiling fee of £95,637 which is owed in connection with the Debt Reprofiting, into new Ordinary Shares. Following the conversion, all principal, interest and fees owing to Altair were satisfied and no further amounts remain outstanding to Altair.

### *Salary Subscriptions*

Alongside the Placing that took place on 9 July 2020, the Executive Directors of the Company, together with one of the Non-Executive Directors of the Company, have agreed to use 40 per cent. of their annual remuneration for the 12-month period from 1 July 2020 to 30 June 2021 to subscribe for new Ordinary Shares in the Company at the Issue Price of £0.0045 per share. The 40 per cent. of their remuneration for the period from 1 July 2020 until 30 June 2021 will be paid to them on a six monthly basis on the first business day following the end of each six month period and each Director has irrevocably undertaken to apply this sum (net of any required tax deductions) in subscribing for new Ordinary Shares in the Company at the Issue Price.

### *Disposal of Pluckanes Windfarm Limited*

On 24 August 2020, the Group announced that Reforce Energy Limited ("Reforce"), a wholly-owned subsidiary of the Company, has signed a Share Purchase Agreement ("SPA") with BVP 2019 Finance Company Limited (the "Buyer"), wherein the Buyer has agreed to acquire Pluckanes Windfarm Limited ("Pluckanes"), a wholly owned subsidiary of Reforce, on a debt free/cash free basis, for a maximum net cash consideration of €383,503.

No other adjusting or significant non-adjusting events have occurred between the 30 June reporting date and the date of authorisation.

## **19. APPROVAL OF FINANCIAL STATEMENTS**

The condensed consolidated financial statements for the six months ended 30 June 2020, which comply with IAS 34, were approved by the Board of Directors on 28 September 2020.