EQTEC™

2021 Annual Report

Syngas for carbon negative, baseload energy & biofuels

Contents

EQTEC believes in technology innovation and its power to change the world for the better. We envision a world wherein we help facilitate biodiversity and a circular economy by applying leading technology to transform waste into valuable energy and fuels to support the ecosystem.

Fossil fuels do not support a sustainable world. EQTEC innovates technologies for production of syngas – an intermediate fuel enabling a wide range of clean, fossil fuel replacements that will help deliver global Net Zero targets and the world we envision.

Directors and advisers

IAN PEARSON
Non-Executive Chairman

DAVID PALUMBO
Chief Executive Officer

NAUMAN BABAR
Chief Financial Officer

JEFFREY VANDER LINDEN
Chief Operating Officer

DR. YOEL ALEMÁN
Chief Technical Officer

THOMAS QUIGLEY
Non-Executive Director

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The Company is incorporated in Ireland
with registration number: 462861

2021 at a glance

410% of previous year's revenues delivered

7 markets

2 MDCs under recommissioning

3 additional projects under construction

12 projects under development

4 PhDs in chemical engineering & gasification

11 additional process engineers

50 project engineers through engineering partner CT3

Growth

- **Accelerating conversion** of opportunities into projects across **EU**, **UK** and **USA**
- Investment in **growth platform** through **Joint Ventures** in Croatia and Greece
- Strategic **partnerships** with **Toyota**, **Wood**, **MetalNRG**, **H2** and **Logik Developments**

Projects

- Financial close of **Market Development Centre** (MDC) projects in **Italy** and **Croatia**
- **Waste-to-hydrogen** feasibility at **Deeside**, **UK** for Phase 3 expansion of multi-technology plant
- **North Fork**, **USA** project targeted for **carbon removal credits** with Carbonfuture

Financial overview

- **Revenue €9.2 million** (FY 2020: €2.2 million), 4x growth
- **Cash €6.4 million** (31 December 2020: €6.4 million)
- **Net assets €43.4 million** (31 December 2020: €25.3 million)

Delivery platform

- Recruitment of **engineering** and **business development staff** to support growth
- **Attendance at COP26** and **increased engagement** with policymakers and influencers
- **Oversubscribed institutional placing** of **£16 million** funding growth and strategic project development

Strategic reports

Chairman's statement

IAN PEARSON
Non-Executive Chairman

22 April 2022

2021 IN REVIEW

The past year, more than any other, has reinforced my view of EQTEC's strengths. We asked a lot of our executive directors and the team going into 2021. I'm delighted their efforts and leadership are reflected in an excellent performance for the period, delivering 410% of last year's revenues, operating losses were reduced and real progress made with projects and Market Development Centres.

Our people and technology are our greatest strengths. We have a talented and committed leadership team and world-leading technology capabilities that we continue to evolve and patent. This powerful combination enables us to produce what we believe is the world's most versatile synthesis gas (syngas), to offer the world efficient baseload energy and biofuels generated from waste.

As outlined by the CEO in his report, our team has successfully built the platform for growth set out as an objective at the end of 2020 and there has been a big expansion in essential capabilities across the business. We converted more opportunities into formal projects, exercising more proficiency than ever in pushing projects to financial close and hiring more professionals to guarantee more closes in future.

Most importantly, we delivered healthy revenue growth, moved four projects from development into construction, eight opportunities into formally managed projects and strategically deferred the two most complex projects in the interest of increasing their value for customers, partners and shareholders.

EQTEC'S PURPOSE AND POTENTIAL

It should come as no surprise that this business is growing. The Company is positioned at the intersection of two essential growth sectors: clean waste disposal and sustainable energy production. EQTEC brings a proven, versatile technology that transforms an exceptionally wide variety of waste types into an exceptionally wide range of clean energy types and fuels.

The COP26 Climate Summit in November 2021 amplified the need for our technology. The commitments made there by 190 nations to making greenhouse gas emissions net zero by 2050 still need to be delivered and then exceeded. Non-baseload renewables including solar, wind and hydro all have important roles to play in well-managed national energy strategies but these technologies will not alone replace fossil fuels. Reliable sources of clean baseload energy are also required.

And even after everything is done first to reduce, re-use and recycle, waste is still an almost infinite supply as a resource. Innovative, cleantech companies such as EQTEC will take leading positions as

As we transition from fossil fuels, policymakers are starting to understand the untapped potential of syngas from waste as an alternative fuel for baseload generation.

IAN PEARSON
Non-Executive Chairman

providers of carbon-negative, baseload energy and biofuels as well as reduce waste and its associated emissions. Policymakers, in my view, are only now starting to understand the untapped potential of syngas from waste as an alternative fuel for baseload generation. Markets, too, are underestimating the significant impact that cleantech innovation will have.

I joined the board of EQTEC to help the Company realise its potential as a provider of advanced solutions that enable the Net Zero future and I see real progress being made. We believe our three-year strategy, with its focus on rapid growth, building scale, and enhancing our technological capabilities, is in your long-term interests. We will, of course, keep the strategy in review and react to market developments that are continually and rapidly evolving.

OUTLOOK AND CLOSING THANKS

We are living with risks to the world economy not seen for more than a generation and there is a need to navigate our business through a range of macroeconomic, political and environmental challenges. I believe that the Board has a thorough understanding of the issues and risks and has appropriate plans in place.

As I noted above, our primary challenge is not our technology capabilities nor the quality of our people – these are already the main Company's assets. The primary challenge – even in this turbulent market - is how to scale rapidly and keep pace with ever-increasing demand for what it offers. The company has proven its technology. It must move quickly to make its solutions more readily available to more customers in more markets for greater impact in supporting a Net Zero world.

The Company has reported in successive trading updates the expansion of its pipeline, improving conversion and closure of deals. I expect that in 2022 we will begin turning also to reporting the operational performance of more live plants powered by EQTEC technology. As Chairman of your Board of Directors, I am conscious of my responsibilities to our shareholders who should expect a year of strong growth as we continue to execute on our strategy.

We at EQTEC enjoy committed, active and vocal stakeholders and I thank you for your continued support.


L-R: Jeff Vander Linden (COO), Alex Cunningham MP, David Palumbo (CEO)

Forestry management waste at BMEC, Wilseyville, California, USA

Chief Executive's report

DAVID PALUMBO
Chief Executive Officer

22 April 2022

OPENING REMARKS

2021 was a year of unprecedented change and challenge, as the world's gradual recovery from the Covid-19 pandemic revealed mismatches in supply and demand, with associated market disruptions. Prices for commodities such as steel, copper and other essential metals soared, supply chains were unable to keep up with sudden surges in demand and global shipping and transport brought inevitable delays. Like many, EQTEC witnessed significantly longer order lead times, much higher production prices and pricing guarantees measurable in days instead of months.

But even in the face of these challenges, EQTEC delivered solid results. We reached financial close on Market Development Centres in Italy and Croatia, moved four projects from development into construction and eight opportunities into formally managed projects. We delivered 410% of revenues recorded in the previous year and reduced operating losses by 17%. Our momentum indicates we are on the right track for continued growth and we are targeting increasingly positive, year-on-year results.

Our progress relies on a growing network of license distributors, developers, contractors and other partners across target geographies. At the end of 2021, we were active in seven countries: USA, UK, France, Italy, Croatia, Greece and Ireland. Each of these markets has its own, growing pipeline of opportunities, developed and managed by a professional team and with a growing, local network of partners to support development, construction and operations & maintenance (O&M).

To support our Go-to-Market entities, we focused global partnering efforts on Tier 1, multinational technology and Engineering, Procurement & Construction (EPC) partners. On 26 November, we announced a technology partnership with Wood, for development and sales of waste-to-synthetic natural gas (SNG) and waste-to-hydrogen solutions. Our joint pipeline already includes a dozen opportunities. Additionally, we worked through much of H2 2021 with three, Tier 1 EPCs on our larger projects in the UK and France, and expect to announce their engagement in one or more projects in due course.

Further, we formalised joint venture (JV) arrangements in Croatia and Greece, with a view to establishing more subsidiaries and JVs in other target markets in 2022. These arrangements will ensure that our standards for quality, efficiency and innovation are applied everywhere, but also that we support successful, local businesses to operate independently and become reliable licensing and distribution partners for EQTEC technologies.

Finally, and in support of our broadening and deepening market presence, we grew our global team, hiring process engineers, control systems engineers and solidifying our relationship with project engineering partner CT3 Ingeniería (CT3). These hires, and the CT3 relationship, extended our core technical team and added dozens of additional, project-critical engineers to our global capacity. We brought in a new CFO, who is raising the bar for strategic finance, and we added several other key roles to our commercial and operational capabilities in support of our Go-to-Markets.

We ended 2021 having done what we set out to do: construct our platform for growth; strengthen our presence across geographies; grow our pipeline of go-to-market entities and future licensors, each with a pipeline of projects; grow our partner network and future-proof our technology leadership.

OPERATIONAL, COMMERCIAL AND CORPORATE HIGHLIGHTS

In less than two years, EQTEC has grown both its active projects and the pipeline of interest and opportunity behind it. In our 2020 annual report, we announced 10 projects under development or construction, against a pipeline of 75 opportunities. In our 2021 interim results last September, we announced 17 projects under development or construction, against a pipeline of well over 100.

Corporate development

R&D: The Company confirmed completion of a successful R&D programme in December, including tests with Refuse Derived Fuel (RDF) and others with contaminated plastics, all at its R&D facility in France, operated with partner Université de Lorraine.

Collaboration with Wood: The Company in November signed a strategic collaboration agreement with Tier 1 engineering company Wood, to focus on joint development of integrated technology solutions for waste-to-SNG and waste-to-hydrogen. Company executives joined Wood at COP26 to share its propositions and strategy for waste-to-value business.

Collaboration with H2: The Company in December signed a collaboration framework agreement with development consultancy H2 Energy Solutions Ltd of Germany. The partners will pursue opportunities for deployment of waste-to-hydrogen and other solutions, particularly in Germany and Turkey.

Appointment of CFO: The Company in July appointed Nauman Babar as CFO and to the Board of Directors.

Appointment of joint broker: The Company in March appointed Canaccord Genuity Limited as the Company's joint broker along with Arden Partners.

Launch of Long-Term Incentive Plan: The Company in February launched its first Long-Term Incentive Plan for Group employees, to support joint ownership and drive performance through shared accountability.

Plants under construction

USA: The Company in October invested c. US$2.8 million (c. £2.1 million) in the **North Fork Community Power (NFCP)** project, increasing its equity share to 49%, offering a US$4.5 million convertible loan facility. Following execution of the facility, construction work continued. The Company in December announced a new partnership with Phoenix Energy, North Fork Community Development Council and Carbonfuture GmbH to help Sierra Nevada communities sequester carbon, reduce wildfire risk, generate green energy, create jobs and support the local community whilst generating tradeable carbon credits.

Italy: The Company in May together with a consortium of investors, acquired a decommissioned, biomass waste-to-energy plant in Tuscany, Italy that it intends to recommission as a Market Development Centre (MDC), with EQTEC as O&M contractor. The plant will convert multiple types of biomass feedstock into heat, power and biochar.

> "We have done what we set out to do: construct our platform for growth, strengthen our presence across geographies, grow our pipeline of pipelines and our partner network, and future-proof our technology leadership."
>
> **DAVID PALUMBO**
> Chief Executive Officer

Chief Executive's report

Once operational, the **Italia MDC** is expected to generate annual revenues of c. €2,000,000 and EBITDA of c. €750,000.

Croatia: The Company in August acquired through its Croatian JV, a 1.2 MWe biomass-to-energy gasification plant in Belišće, Croatia. Once operational, it will become a **Croatia MDC**, with EQTEC as O&M contractor. Technology sales for EQTEC over the life of the project are expected to be c. €2.0 million, of which c. 60% was invoiced in Q4 2021.

In September, the Company's JV acquired a 1.2 MWe biomass-to-energy gasification plant in **Karlovaç**, Croatia. The plant will be retrofitted with EQTEC technology and repowered, and is expected to produce 3 MWe of green electricity and high-quality biochar. It is expected that the Company will become the plant's O&M contractor. Technology sales for EQTEC over the life of the project are expected to be c. €15m, of which c.10% was invoiced by EQTEC in Q4 2021.

Greece: The Company in October confirmed that all deliveries of EQTEC technology had been made to the 0.5 MWe **Larissa**, Thessaly project. The project is building Greece's first advanced gasification, waste-to-energy plant.

Projects under development

USA: The Company and its local partners appointed EPC contractor Infinity Project Management Inc (IPM) as owners' representative for the **Blue Mountain Electric Company LLC** opportunity in Wilseyville, California (BMEC). The project is expected to complete front-end engineering design (FEED) in H2 2022, toward financial close in the same year. The BMEC plant will convert c. 24,000 tonnes of forestry waste per year into c. 2,400 tonnes of high-quality biochar and 3 MWe of power for the local community, whilst contributing to prevention of forest fires.

UK: In September, the Company's **Southport** project SPV entered into a conditional share purchase agreement to acquire full ownership of the project, with the agreement expected to complete in due course. In November, the Company submitted a revised planning application for a Phase 1 waste reception centre and anaerobic digestion facility as a precursor to the intended Phase 2 planning application for an EQTEC facility. The planned Phase 1 facility is designed to convert 80,000 tonnes of waste into six million cubic metres of biomethane, which, in turn would output 9 MWe. The Phase 2 facility is intended to convert up to 25,000

Marko Slunjski
Managing Director,
Synergy Projects d.o.o.

Partner: **Go-To-Market**
Market: **Croatia**

Partner spotlight

Synergy Projects d.o.o. is a joint venture (JV) in Croatia between EQTEC and local partner, Sense ESCO d.o.o.

EQTEC provides development capital, commercial and funding support and technology & engineering services to the JV and Managing Director, Marko Slunjski toward qualifying and pursuing opportunities. Minority partner Sense ESCO brings a development team and local relationships to generate pipeline and drive projects to financial close and beyond.

The companies have been working together since 2015 and the JV was created in July 2021 to co-develop projects in Croatia, starting with two, in Belišće and Karlovaç, both with EQTEC Advanced Gasification Technology.

Sense ESCO was formed in 2014 by financial and technical partners from Croatia, Germany and USA as an energy project management and development company. With headquarters in Zagreb, Croatia, the team researches, designs, finances, implements, operates and maintains energy efficiency, renewable energy and biomass waste-to-energy projects in Southeastern Europe.

Sense ESCO has developed and commissioned or sold a number of energy projects in the region, all with significantly positive returns on investment over five to 15 years and with strong energy savings.

SENSE ESCO
ENERGY SERVICE COMPANY

tonnes of RDF into an estimated 3 MWe of green electricity per year. Further, the Company and its partner, Rotunda Group Ltd., identified the potential for an additional gasification facility nearby. The additional site would potentially allow for installation of a larger, Phase 3 EQTEC facility that could transform waste into synthetic natural gas (SNG) and/or hydrogen. The Company and its partners are carrying out feasibility studies. EQTEC expects to be the project developer for all phases of the project, providing design and core Advanced Gasification Technology and retaining a portion of the O&M contract.

The Company in February signed a Collaboration Framework Agreement (CFA) with Logik Developments Limited, toward development of a 9.9 MWe plant at **Deeside**, Flintshire, UK, including a Phase 1 recycling and anaerobic digestion facility. The Company in March announced it had signed a CFA with Toyota Motor Manufacturing UK, whose manufacturing facility is adjacent to the site. The CFA expressed Toyota's intention to work with the Company on innovative, circular and sustainable waste-to-energy solutions for Toyota's engine manufacturing plant next to the prospective Deeside plant. The Company in June submitted a planning application for a Phase 2 gasification facility deploying EQTEC technology. The proposed plant would combine a 182,000-tonne waste reception plant with anaerobic digestion and EQTEC technology. The Company in October announced it had through the project SPV entered into a cooperation agreement with Anaergia Inc. for delivery of the multi-technology plant. In December, the Company announced entering into a Supplementary Agreement with Logik under which the two partners would develop an additional Phase 3 waste-to-value infrastructure on the Deeside site. The partners successfully completed a feasibility study for hydrogen production that indicated planning and environmental viability.

The Company in January received notification of planning approval from

FINANCIAL HIGHLIGHTS

- **Revenue:** For the financial year ending 31 December 2021, the Group recognised revenue of €9.2 million (FY 2020: €2.2 million).
- **Profit/loss:** For the financial year, the Group incurred losses of €4.7 million (FY 2020: €5.8 million).
- **Assets:** The net assets of the Group increased to €43.4 million as at 31 December 2021 (31 December 2020: €25.3 million).
- **Placing:** The Company in May raised £16 million (€19 million) before expenses, in an institutional investor-led, oversubscribed placing.
- **Cash:** The cash balance of the Group as at 31 December 2021 stood at €6.4 million (31 December 2020: €6.4 million).
- **Debt:** The Company in January agreed a new loan facility of €1.39 million with EQTEC shareholder, Altair Group Investment Limited, with a maturity date of 31 December 2021. The loan, fully drawn down to repay an outstanding debt with another lender, had a lower interest rate than the previously held debt facility and was itself repaid in full in June 2021, six months ahead of schedule.

Stockton-on-Tees Borough Council for an improved waste-to-energy scheme for the Company's RDF-to-energy project at **Billingham**, Teesside. In February, the Company's project signed a conditional Land Purchase Agreement. The Company in June completed concept design work for the core gasification process, with progress on design of the full plant.

The Company in December confirmed it was investigating new offtake opportunities for both Deeside and Billingham and that it was working with technology and delivery partners toward feasibility work at both sites. The Company in December also confirmed its decision to defer financial close for both projects to enable further feasibility work. Company executives visited both sites in December and had constructive meetings with the local Members of Parliament.

France: The Company in December signed a Letter of Intent (LoI) with **SEPS** SAS of France (SEPS), a company specialising in the management and recycling of industrial waste. The LoI will support the Company's pursuit of the safe and clean transformation of contaminated plastics into energy, hydrogen and biofuels.

The Company also confirmed it had identified and was pursuing an additional six project opportunities in France for a range of biomass, RDF and other feedstock, as well as a range of offtake applications.

Greece: In January, the Company signed a MoU with **Nobilis** Pro Energy S.A. The agreement includes collaborative development of Nobilis's existing pipeline of opportunities and for construction in Nobilis, Almyros, where grid connection and land agreement are already confirmed.

The Company, in September, announced formation of **EQTEC Synergy Projects Limited**, a JV between EQTEC and its strategic partners in Greece, German EPC ewerGy GmbH and ECO Hellas M IKE. It also confirmed that the JV had acquired a 1 MWe biomass-to-energy project in Livadia, Greece and exclusivity for a second 1 MWe project nearby.

In October, the Company's Greek JV acquired the rights to a project in Nevrokopi, **Drama**. The project would develop a biomass-to-energy plant that could generate 5 MW green electricity from locally and sustainably sourced forestry waste.

Ireland: The Company and its partner, Carbon Sole Group Limited, pursued development of 3 projects in Ireland for biomass-to-bioenergy plants and in particular for sustainable forestry waste for production of synthetic natural gas (SNG).

L-R: Jeff Vander Linden (COO) and David Palumbo (CEO) at Wood @ COP 26

Marian Sarti
General Manager, CT3

Partner: **Technology**
Market: **Europe**

Partner spotlight

CT3 Ingeniería S.L. has worked closely with EQTEC for 10 years, leading the mechanical engineering work for most of the Company's projects, past and present, including at Billingham in Teesside, UK, North Fork in California, USA, Larissa in Thessalia, Greece and the EQTEC Italia MDC in Castiglione d'Orcia, Tuscany, Italy.

With EQTEC leading the process engineering at the core of EQTEC's solutions, CT3 continues to provide world-class design, development and construction advisory services, including civil, mechanical and electrical engineering as well as Instrument & Control (I&C) and electrical services, across an increasing number of EQTEC-enabled plants.

Based in Madrid, Spain and operating for more than 30 years, CT3 now employs more than 50 engineers deployed to EQTEC and a range of other new energy and nuclear power businesses and can scale rapidly based on its Europe-wide database of engineering talent and its flexible contracting capabilities. CT3 is increasingly a core part of EQTEC's platform for development, delivery and pipeline growth.

CT3 INGENIERÍA

OUTLOOK AND FUTURE PLANS

The challenges of 2021 have only expanded in 2022. The tragedy in Ukraine and sanctions against Russia have brought home to many the critical importance of energy independence and security. We see the recent, concerted efforts to replace Russian oil and gas as more than a short-term reaction; it is a catalyst and accelerator of much more fundamental, lasting change. Far greater investment will now go into making the shift away from fossil fuels. This presents an enormous opportunity for EQTEC.

For the world to make this shift, governments, investors and owner-operators will turn their attention to the pervasive, baseload energy challenge. 67% of baseload power is from non-renewable sources that solar, wind and hydro power cannot replace.[1] Yet, more than 90% of investments in alternative energy solutions have gone toward such non-baseload solutions.[2] These complementary solutions are also essential, but the intermittency of their supply makes them inadequate to address baseload demand alone.

EQTEC and other companies able to provide scalable, always-on, 24 x 7 x 365 solutions will increasingly find themselves at the centre of attention with policymakers and investors.

EQTEC's ability to build smaller-scale, local plants that use locally-sourced feedstock for locally distributed energy and biofuels not only advances the Net Zero agenda, but it revolutionises waste management, energy generation and distribution. Our technology supports communities and industries, in better using local, unrecyclable types of waste, transforming it into valuable resources. EQTEC's local-to-local approach also adds grid resilience: one plant's downtime does not result in mass outages but is supported by a distributed network. This approach creates energy security, independence and transition away from fossil fuels.

We were happy to be acknowledged in the UK Parliament for these very points. Previous Leader of the House of Commons Jacob Rees-Mogg commented in January 2022 that, "Companies such as EQTEC are exactly what we need to keep us on course for net zero by 2050 while maintaining a healthy, varied and affordable energy supply." We are finding increasing acknowledgement in the UK and elsewhere across Europe, North America and Asia that true gasification is the preferred intermediate fuel solution for hydrogen, synthetic natural gas and biofuels. EQTEC is the innovation leader in advanced gasification and we intend to engage much more closely with governments, investors and owner-operators, embracing the post-fossil fuel economy and the leading solutions in it.

To position EQTEC's technology as a replacement for fossil fuel technologies and to support our growth and scale, we are doing four key things:

First, we are investing in our Go-to-Market model. We are formalising subsidiaries in the USA, the UK, France and Italy, with JVs in Croatia, the Aegean and possibly elsewhere. We are looking again to Asia, where we have long had demand and see increasing opportunity.

Second, we are doubling-down on our investments in innovation. A successful year of tests and trials in 2021 is expected to be followed by another in 2022. We have a three-year strategy for technology development and a solid plan every year. Our partners at Université de Lorraine and Universidad de Extremadura will be joined by Wood and other, top-tier technology businesses to be announced.

Third, we are enriching our global network of partners. As EQTEC pursues relationships with multinational, Tier 1 development, delivery and technology partners, each of our Go-to-Markets is building local partnerships. The balance of local and multinational will bring resilience to our delivery model and support development of a global, technology licensing network.

[1] International Energy Agency (2021), *Net Zero by 2050*, IEA, Paris

[2] IRENA (2021), *World Energy Transitions Outlook: 1.5°C Pathway*, International Renewable Energy Agency, Abu Dhabi

> **EQTEC's ability to build smaller-scale, local plants that use locally-sourced feedstock for locally distributed energy and biofuels not only advances the Net Zero agenda, but it revolutionises energy and biofuel generation.**
>
> **DAVID PALUMBO**
> Chief Executive Officer

L-R: Dr Yoel Alemán (CTO), Giampiero Servetti (COSMI), David Palumbo (CEO) at Italia MDC, Italy

Fourth, we are investing in talent. 2021 saw growth in both our technical and corporate centres with a doubling across the business as a whole. We invested in veteran delivery managers with decades of experience in large-scale infrastructure project management and complex deal-making. In 2022, we are investing in corporate finance and venturing capabilities to pursue private- and public-sector funding. We are hiring more process engineers and engineering project managers to cover our growing project portfolio. We are adding financial accountants to drive discipline with forecasting and budget management. Finally, we are investing in targeted Go-to-Markets, including some of our partner organisations, to ensure the quality and discipline we expect is delivered through all projects.

By the end of 2022, we are committed to having two MDCs fully operational and clocking the efficiency and high operational availability we expect. The importance of these and future MDCs cannot be overstated. Not only will these further prove EQTEC's proposition, but they will be visitor centres for the local community and for prospective partners and customers. They will be training and development facilities for our partners and their partners. They will be R&D facilities for testing capabilities in a live environment. They will be the plants that raise EQTEC's visibility and prove to large-scale owner-operators that we have a highly scalable solution that will be the core of at least one of their future lines of business.

The Net Zero future is one with minimum dependency on fossil fuels. EQTEC and companies like us will be the ones to make that future possible. To accelerate progress toward it, and to transform the greatest challenge of our time into the greatest opportunity, we are building a resourceful and resilient team, a global ecosystem of top-tier partners and technology-led solution business models as a platform to support exponential growth. 2022 is expected to prove an even greater inflection point than 2021 and we are embracing its challenges fully, to show ourselves and our shareholders that EQTEC can fulfil our mission as a leading, technology innovator for baseload energy and biofuels.

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

DR ESTHER LORENTE ROYO
Senior Process Engineer

MARCOS GARCÍA BARTOLOMÉ
Automation Controls Engineer

ARIEL ENTENZA MEDINA
Electrical Engineer

ERNESTO BRAVO CAMPOS
Mechanical Engineer

MARCOS NEBOT CERDAN
I&C Engineer

DENISA RODRIGUEZ ROYO
Project Management

Innovating and deploying clean solutions for advanced biofuels and energy for a Net Zero future.

14
specialists; 4 PhDs in gasification

LIZ DE ABREU DEVIA
Process Engineer

DR CÉSAR BERRUECO MORENO
Chief Process Engineer

MARIBEL MORMONTOY BENITES
Office Manager

MARIA BELEN ESPIÑEIRA
Process Engineer

OSCAR VELASCO HERNAN
O&M Manager

DR JAVIER RECARI
Process Engineer

JUNHO JANG KWEON
I&C Engineer

Innovation and engineering

EQTEC technical centre (Barcelona)

EQTEC's proven, patented and proprietary advanced gasification capabilities are at the heart of our business.

The technology reliably and sustainably creates a uniquely versatile and customisable syngas from the widest range of waste feedstock types – with nearly 60 successfully tested. EQTEC syngas can be applied to diverse applications, including hydrogen, synthetic natural gas (SNG), sustainable aviation fuels (SAF) and other biofuels,. electricity, thermal energy and biochar.

Our Technical Centre is based in Barcelona and is led by our CTO, Dr Yoel Alemán, who has over 20 years of experience in biomass and municipal solid waste gasification and authored a gasification patent. Prior to joining EQTEC, Dr Alemán was renowned for reviving failed gasification plants. Since joining EQTEC, he has authored a further three patents and designed, built, commissioned and operated gasification facilities at both pilot and commercial scale.

Dr Alemán is supported by a team, including three other 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'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 mastery of the end to-end gasification process and decades of research and development with the variables that make it efficient and operationally viable. This includes design of equipment but also tailored specifications and in-house programming of control systems that maximise end-to-end process productivity.

PROJECT ENGINEERING

Civil, mechanical and electrical engineering are all critical to integrated project development, construction and commissioning. EQTEC's project engineering partner CT3 Ingenieria S.L. (featured on page 15) leads this work for EQTEC projects.

Development and growth

EQTEC corporate centre (Cork, London)

Strategy and operations

STRATEGY AND PLANNING
Direction and business priorities; three-year strategic planning, one-year business planning and business growth strategy; frame for all other planning and prioritisation across the Group, and clear targets and objectives.

MARKETING AND COMMUNICATIONS
Capability for targeting, defining, delivering and creating value from market-facing products and services; for market positioning and communications of the EQTEC brand and market growth.

PROJECT DEVELOPMENT
Based on a clear, integrated milestone plan for financial close, disciplined delivery of commercial, funding, engineering and delivery readiness outcomes at pace, to specification and to quality.

ECOSYSTEM MANAGEMENT
Establishment and management of a global network of JVs and partnerships across the value chain for integrated, quality delivery.

BUSINESS SUPPORT INCLUDING PEOPLE, PROCUREMENT AND LOGISTICS
A critical business functions that enable the whole of the business, each with a blend of strategic and operational activities.

Commercial and investment

VENTURES AND INVESTMENT
Funding pipeline and key investment partners into EQTEC strategic priorities, innovation and disruption including new technology.

BUSINESS DEVELOPMENT
Pipeline front-end management from demand incubation and project inception through early-stage project development, with end-to-end management of stakeholders and handling of key relationships.

Finance and compliance

FINANCE, GOVERNANCE AND COMPANY SECRETARY
Financial management and management information, Group reporting, project and commercial financing, compliance oversight, company secretary function and oversight of key external relationships with strategic financial partners and advisers.

In **7** markets and growing


JIMMY MCGLINCHEY
Group Financial Accountant


NAUMAN BABAR
Chief Financial Officer (Finance and Compliance)


DAVID PALUMBO
Chief Executive Officer (Commercial and Investment)


SEAN RUANE
Business Development Manager


DAVID LE SAINT
Market Lead, France

Supporting growth into scale.

27 professionals worldwide


JOHN HAYES
Head of Major Projects


PAUL CHECKETTS
Project Development, Major Projects


LISA SYLVESTER
Executive Assistant


ANDREW MILLINGTON
Project Development, Major Projects


LAURA LUCAS
Head of Strategic Growth


JOSHUA PAYNE
Head of Analytics


LISA ARTEMIS
Head of Marketing and Communications


JEFFREY VANDER LINDEN
Chief Operating Officer (Strategy and Operations)

Corporate governance statement

The Board 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 for the Company to adopt. The Directors have adopted the QCA Code and the following sections explain how this is done. Where the Board adopts a different path from the QCA Principles to the extent they consider it appropriate having regard to the size and resources of the Company, an explanation is provided.

In his capacity as independent Chairman, Ian Pearson, along with the Board, has responsibility for ensuring that the Group has appropriate corporate governance standards in place and the 10 principles in the QCA Code are applied within the Group as a whole.

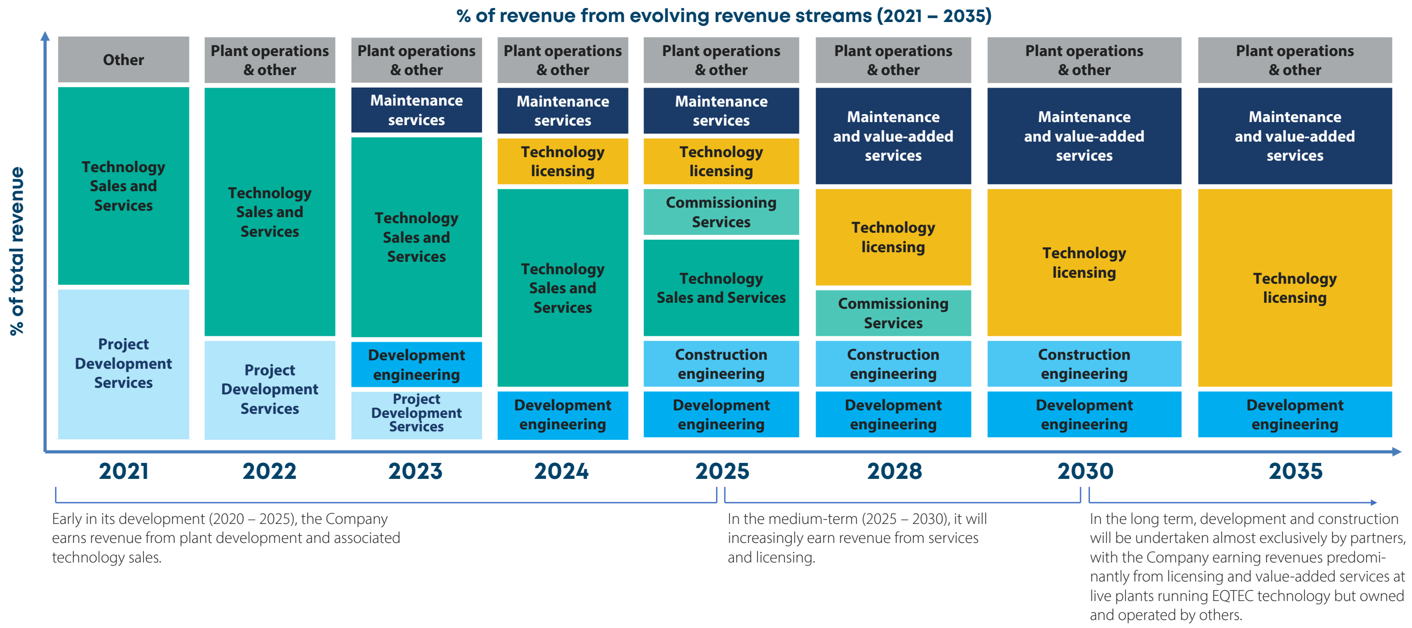
STRATEGY AND BUSINESS MODEL

The Company's target business model envisions EQTEC as 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, 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. Other revenues include plant operations from part-owned or wholly-owned Market Development Centres, from consultancy or from provision of other non-core services.

Business model

THE TARGET MODEL IS TECHNOLOGY INNOVATOR & LICENSOR



The Company anticipates that its revenue streams will evolve in the future, with development fees declining as partners increasingly take over all but the core technology engineering work leading to Financial Close, with greater differentiation across technology sales & services as partners are able to integrate more fully and drive more projects with relative independence, and with increasing revenue from technology licensing, maintenance and other value-added services for operational plants running EQTEC technology.

> **"Revenue streams will evolve in the future as we move to technology licensing, maintenance and other value-added services."**

The Company currently develops business in the USA, UK and the EU (including France, Italy, Croatia and Greece) and will target new geographies as substantial pipelines of qualified opportunities in those markets present themselves and as the viability of a business development and delivery capability in those markets can be established.

The Company is focused on maximising shareholder value in the near term through greater recognition and an increased valuation by the market, measurable in 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. In addition to CHP, EQTEC is currently pursuing projects that would apply EQTEC's waste-to-syngas capabilities to production of hydrogen, sustainable aviation fuel (SAF), synthetic natural gas (SNG) 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.

The identification and management of risk in relation to the achievement of our strategy and business model are addressed later in this report in "Managing and mitigating risk".

STAKEHOLDER RESPONSIBILITIES

Our technology and services have a positive impact on societies, economies and the environment. Through taking waste which cannot be recycled and turning it into a pure syngas for transforming into energy and biofuels, we reduce the need for less environmentally-friendly methods such as incineration and landfill and contribute towards meeting country and global Net Zero targets, reducing carbon emissions and meeting renewable energy targets. We are passionate about using our technology to deliver sustainable, local outcomes for local businesses and the communities who are customers of the plants that use our technology, and to always deliver to the highest environmental, regulatory and business standards and practices.

The Board recognises that the ongoing and long-term success of the Group is significantly influenced by the efforts and commitment of the employees of the Group, its strategic partners (including but not limited to those with expertise in funding, technology, operational delivery and go-to-market), contractors and suppliers and on the Group's relationships with these and other stakeholders including customers, investors, industry associations, political and media organisations, analysts, communities, the 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.

In 2021, the Group set out its performance management cycle for all employees. This is designed to ensure that: every individual's objectives and performances are directly linked and impacting on the most relevant Group performance and success; there is an open and confidential dialogue with each person in the Group with successful two-way communication with agreement on goals, targets and aspirations of the employee, across teams and the Group. These feedback processes will help to 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.

ENGAGING AND COMMUNICATING WITH SHAREHOLDERS

The Board is committed to continually improving and maintaining frequent, open and two-way dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss topics, issues and to provide feedback at meetings with the Company.

> Our technology and services have a positive impact on society and the environment.

In addition, all shareholders are encouraged to attend and participate with directors in the Company's Annual General Meeting and its regular interactive shareholder webinars through the Investor Meets Company platform, which it introduced in 2021. Investors also have access to current information on the Company though its website, www.eqtec.com and via Nauman Babar, CFO and David Palumbo, CEO, who are available to answer investor relations enquiries through the Group's Marketing and Communications function, on request.

MANAGING AND MITIGATING RISK

Effective risk management is critical to the achievement of our strategic objectives. Controls are integrated into all levels of our business. As a board we continually assess our exposure to risk and seek to mitigate risks wherever possible.

The directors have established procedures for the purpose of providing a system of internal controls. In addition, there are a range of Group policies that are reviewed at least annually by the Board. These group policies cover matters such as share dealing and insider trading legislation.

The Board currently takes the view that an internal audit function is not considered necessary or practical due to the size of the Group and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function.

Identified principal risks to the achievement of our strategic business objectives are outlined below, together with their potential impact and the mitigation measures in place. The Board believes these risks to be currently the most significant with the potential to impact our strategy, our financial and operational performance and ultimately, our reputation. The board reviews its risk register, identifying new risks and updating on an ongoing basis.

Key areas for on-going risk management are:

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 management remain the key elements of effective reputational management. Senior management 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.
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 a number of 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.

Board of directors

The Board comprises four, full-time Executive Directors: the CEO David Palumbo, the CFO Nauman Babar, the COO Jeffrey Vander Linden and the CTO Dr Yoel Alemán, and two independent, non-executive directors: the Chairman Ian Pearson and the Director Tom Quigley. Each non-executive director devotes as much time as required to carry out his role and accountabilities to the business.

The biographies of the Directors, who we consider to be the key managers of the business, are set out below:

L-R: Nauman Babar (CFO), Jeff Vander Linden (COO)

> “The Board of Directors has a strong mix of financial, operational, renewable energy, waste infrastructure, regulatory and political experience.”

IAN PEARSON

Non-Executive Chairman

Ian was the chairman of AIM-listed OVCT2 for five years. OVCT2 invested in a variety of renewable energy companies and was successfully merged into Apollo VCT plc in 2019. He is currently a Non-Executive Director of Thames Water Utilities Limited, the UK's biggest water company and Chairman of Quantum Exponential Group plc. Ian has also previously been a member of the UK Advisory Board of the accountants PwC and between 2001 and 2010, he held a number of ministerial positions in the UK government, including Minister for Trade & Foreign Affairs, Minister of State for Climate Change and the Environment, Minister for Science, and Economic Secretary to the Treasury. He graduated from Balliol College, Oxford and has a Master's degree and a Doctorate in Industrial and Business Studies from the University of Warwick.

DAVID PALUMBO

Chief Executive Officer (CEO)

David Palumbo is an experienced entrepreneur with over 20 years of experience in private equity, venture capital and asset management. Since 2006, he has founded and co-founded a number of companies in various industries such as cleantech, digital technology and real estate. David is also the Founding and 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 an MSc in Electrical Engineering.

NAUMAN BABAR

Chief Financial Officer (CFO) and Company Secretary

Nauman is a senior Finance professional who has almost 20 years of international experience within corporate finance, audit and finance function transformation with a track record of scaling up growth companies and working in private equity-backed businesses. He has predominantly worked within the Energy & Utilities space with a focus on renewables and cleantech. Nauman initially worked with international accountants, PwC and has gained experience with Accenture, EY and Mott Macdonald and most recently served as Finance Director at Woodlands Energy Services. Nauman is a Fellow of the Institute of Chartered Accountants in England & Wales and holds a Bachelor's degree in Finance from University of Essex.

JEFFREY VANDER LINDEN

Chief Operating Officer (COO)

Jeff's 25-year career in operational performance and organisational change includes five years building global scale in leading, consumer products businesses and 16 years designing and delivering business strategy, process and technology transformation as a business consultant and programme director at PwC, IBM and Capgemini. He has worked with both private- and public-sector leaders on matters of business strategy, operations strategy, organisation design and large-scale execution of major projects. His dozens of clients include NTT, NEC, AT&T, Motorola, BAE Systems and National Grid. Jeff spent 10 years based in Japan, also working in Korea, Taiwan, Hong Kong and Singapore; he has worked predominantly in the UK and Europe since 2001. He received a Bachelor of Arts in Social Studies (Economics, Politics, History, Philosophy) from Wesleyan University in Connecticut, USA.

DR. YOEL ALEMÁN

Chief Technical Officer (CTO)

Yoel Alemán Méndez is an experienced chemical engineer with over 20 years' experience in Biomass Gasification. He has designed, built and operated gasification facilities of various industrial capacities. He is the author of four technology patents related to specialty power generation, has been a University Associated Professor and researcher at three universities, and holds a PhD in Chemical Engineering. Prior to his appointment to the senior management of the company in June 2019, Yoel was Chief Technical Officer of EQTEC Iberia from April 2010.

THOMAS QUIGLEY

Non-Executive Director

Tom Quigley has had an executive career spanning over 25 years, mainly at board level, as Managing Director, CFO and CIO. This included being a Managing Director of Close Brothers Corporate Finance; a Managing Director and Head of the Retail, Hospitality and Leisure sector investment banking at ING Barings, London; and a Director of Terra Firma Capital Partners. Tom originally qualified as a Chartered Accountant at Price Waterhouse in London and has amassed considerable financial and management experience across multiple sectors. Through his executive and non-executive positions, Tom has worked in real estate, financial services, healthcare and banking, and across a number of jurisdictions.

L-R: Damir Žaja (Local consultant engineer), Marko Slunjski (MD, Croatia JV), Dr Yoel Alemán (CTO) at Belišće MDC, Croatia

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. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours.

The Executive Directors are employed under service contracts requiring three to six months' notice by either party. The Non-Executive Directors and the Chairman receive payments under appointment letters which are terminable by three months' notice by either party.

The Board encourages the ownership of shares in the Company by Executive and Non-Executive Directors alike 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 or their independence itself. Directors' emoluments, including Directors' interest in share options over the Group's share capital, are set out in the Annual Report.

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.

Yann Rogaume
Professor & Head of Research Team

Partner: **Technology R&D**
Market: **Europe**

Partner spotlight

The ERBE (Equipe de Recherche sur la Biomasse Energie) and LERMAB (Laboratoire d'Etudes et de Recherche sur le Matériau Bois) team is part of the LERMAB laboratory, a research centre at the Université de Lorraine. For the last 20 years, ERBE has worked on the thermochemical conversion of biomass and waste-to-energy.

The centre includes industrial pilot plants (50 kg/h) that test gasification, pyrolysis and combustion processes. The work has led to the team's developing greater understanding of precise mass and energy balances of a wide variety of waste types, including forestry, agricultural, industrial and municipal. This growing understanding of the performance of feedstocks in thermochemical processes has then been applied to optimisation of processes for energy efficiency and reduction of environmental impacts.

For the past 10 years, the team has worked with EQTEC to co-develop a gasification pilot plant based on EQTEC's bubbling fluidized bed Advanced Gasification Technology. Today, this partnership allows both parties to further test the gasification of biomass and waste for different uses, including cogeneration of electricity and gas (CHP), production of methane and production of hydrogen.

UNIVERSITÉ DE LORRAINE

lermab

SKILLS, CAPABILITIES AND BOARD PERFORMANCE

The Board of Directors has a strong mix of financial, operational, renewable energy, waste infrastructure, regulatory and political experience. The Board recognises that it currently has limited diversity and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required.

The Company currently has two independent non-executive directors, Ian Pearson and Tom Quigley. The Company is satisfied that the Company's Board composition is appropriate given the Company's size and stage of development. The Board will keep this matter under regular review and to the extent additional independence is felt to be required on the Board, it shall be sought.

Internal evaluation of the Board, the Committee and individual directors is seen as an important next step in the development of the Board and one that will be addressed during the coming year. The aim is that this will be undertaken on an annual basis in the form of peer appraisal, questionnaires and discussions to determine the effectiveness and performance in various areas as well as the directors' continued independence.

CORPORATE CULTURE

The Board recognises the importance of sound corporate values and the impact it has on delivering Group strategy, target business model and relevant stakeholders. The Board has implemented several initiatives to ensure that all personnel and partners who are engaged with the Group have a clear understanding of, the Code of Conduct that the business expects them to adhere to, transparent performance measurement and evaluation process and relevant support mechanisms in place to achieve personal and business objectives. In addition, the Company has also adopted a code for directors' and employees' dealings in securities which is in accordance with Rule 21 of the AIM Rules and the Market Abuse Regulation. As part of risk identification and mitigation, the Board constantly monitors the Group's culture through established processes and feedback mechanism.

GOVERNANCE STRUCTURES AND PROCESSES

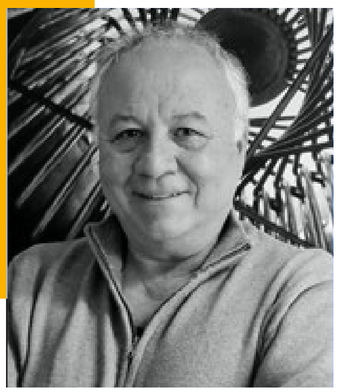
Authority for all aspects of the Group's activities rests with the Board. The respective responsibilities of the Chairman and Chief Executive Officer arise as a consequence of delegation by the Board. The Board has adopted two statements; the first sets out matters reserved for the Board and the second 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.

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;
- to avoid any conflicts of interest;
- to exercise the care, skill and diligence which would be exercised in the same circumstances by a reasonable person;
- to have regard to the interests of the members of the Company, in addition to the duty to have regard to the interests of the Company's employees in general.

> **"A senior management model of best practice and guidance ensures our values and expected behaviours are clear and understood by everyone."**



Giampiero Servetti
President

Partner: **Project delivery**
Market: **Europe**

Partner spotlight

COSMI provides Engineering, Procurement and Construction (EPC) services and project management services for renewable energy plants.

It employs professionals from the engineering sector with decades of developed experience in industries including steel, petrochemical and renewable energy.

Within its portfolio of projects, COSMI designs and provides construction resources, piping made by expert technicians and specialised welders and assembly of metal structures for industrial production lines, waste-to-energy plants and industrial warehouses.

COSMI also provides industrial, engineering and mechanical maintenance so that clients like EQTEC receive improved performance and better plant usage rate from their projects.

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

2021	BOARD	AUDIT COMMITTEE	REMUNERATION COMMITTEE
Number of Meetings	**14**	**2**	**2**
Ian Pearson	13	2	2
David Palumbo	14	-	2
Nauman Babar (since 19 Jul 2021)	3	-	-
Yoel Alemán	13	-	-
Jeffrey Vander Linden	13	-	-
Thomas Quigley	13	2	2
Gerry Madden (retired 15 Jul 2021)	10	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
22 April 2022

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 2021.

L-R: Dr Yoel Alemán (CTO), David Palumbo (CEO)

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

EQTEC is a leading technology provider with proven, patented technology for clean production of synthesis gas ('syngas'), which is 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 municipal, industrial and agricultural sources) into a sustainable fuel source for production of a diverse set of 'final fuels' including hydrogen, biofuels, synthetic natural gas (SNG), thermal power and electricity.

EQTEC designs, develops and supplies core technology for 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 solutions all produce a pure, high-quality syngas that can be used for the widest range of applications, including the generation of electricity and heat, production of synthetic natural gas (through methanation) or biofuels (through Fischer-Tropsch, gas-to-liquid processing) and reforming of hydrogen.

Our revenue currently comes from the following streams: 1) development services and engineering (during project development); 2) proprietary gasification technology sales including software, engineering & design and other related services (during plant construction); and 3) other, including operations, maintenance and management services (during plant operations). The only plants we seek to own equity in are our Market Development Centres (MDCs), which are profitable, commercially-live projects where we can showcase our technology in a live environment. Our business model does not depend upon building plants using our balance sheet nor does it involve retaining significant equity stake once projects have been developed to certain stage of maturity. In the future we expect to receive potential revenue from licensing opportunities and revenue from live operations where EQTEC has an equity stake in a plant.

A review of the Group's business and future developments is contained in the Chairman's Statement and the Chief Executive's Report on pages 7 to 17.

RESULTS AND DIVIDENDS

The results for the financial year are set out on page 49. No dividends have been proposed by the Directors in the current financial year (2020: €Nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The Group actively applies a risk management framework to identify, manage and mitigate business risk. 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. Our risk framework addresses both enterprise-wide and function-specific risks and engages the Board in defining mitigations for each. 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 address the Company's future plans and the global market

environment in which it operates, including strategic partnerships, intellectual property, demand for our solutions and services, competitive threats and investments in technology and public policy.

Global market environment
Our operations and the execution of our business plans and strategies are subject to the effects of global competition and geopolitical risks. They are also affected by local economic environments, including low 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 achieving a set of clearly defined objectives. To do this, we select, enter into and work with a wide variety of strategic partners, including but not limited to those with expertise in funding, technology, operational delivery and go-to-market, where we may have a lesser degree of control over the business operations, and in doing so which may expose us to additional operational, financial, legal or compliance risks.

Intellectual property risks
We continually review both the scope and geographic applicability of all our intellectual property (IP) and adjust accordingly. Although the Group undertakes reasonable endeavours to protect its IP, however, our patents and other IP may not 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. If we are not able 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.

COVID-19 risks
As countries move into the phase of 'living with Covid-19', a certain level of normalcy has returned to the macroeconomic business environment. Despite this, the flow through impact of Covid-19 on global supply chain is still prevalent.

We closely monitor the supply chain related effects of the pandemic on the business and deploy risk mitigation strategies where required. We have considered the potential supply chain impact of Covid-19 in our scenario analysis and forecasting. We will keep our business operations under review and adapt accordingly if any of the supply chain related factors change.

Operational risks
Operational risks arise from systems, processes, people and external factors that could adversely impact the otherwise smooth, efficient and timely operation of our businesses. These 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,

Revenue 2021

€9.2M

FY 2020: €2.2 million

Ian Pearson (Chairman)

inspection and operations & maintenance processes to ensure that our solutions operate as designed, there can be no perfect assurance that the Company, 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, including as a result of organisational changes, attrition or labour relations, could have a material adverse effect on our business, reputation and/or financial position. For a number of limited projects where we take on the full scope of engineering, procurement, construction or other services, the potential risk is greater that operational, quality or other issues at particular projects could adversely affect the Group's results.

In specific instances, the Group invests capital in developing go-to-market entities (such as wholly-owned subsidiaries or majority-owned joint ventures) toward growing and pursuing pipelines of waste-to-energy projects. The Group's business model depends on increasing funding of projects by third parties, the timing of which is subject to uncertainties and is 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 of operations where they cannot be raised in a timely way.

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. A disruption in deliveries from our 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 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.

We closely monitor the supply chain related effects of the pandemic on the business and deploy risk mitigation strategies where required. We have considered the potential supply chain impact of COVID-19 in our scenario analysis and forecasting. We will keep our business operations under review and adapt accordingly if any of the supply chain related factors change.

Liquidity
The cash requirements of the Group are forecast by the Board annually in advance and reviewed monthly by management, enabling the Group's cash requirements to be anticipated. 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 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 €17,991 in 2021 (2020: €26,412) as disclosed in Note 14 to the Financial Statements. In addition, the company has incurred expenditure of €192,757 during the financial year with respect to property, plant and equipment involved in research and development.

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 2023 taking account of reasonably plausible changes in trading performance and market conditions, which have been reviewed by the Directors. These reasonably plausible changes include the continued impact of the COVID-19 pandemic on supply chain and related operational and execution challenges posed by it. The forecasts demonstrate that the Group and Company is forecast to generate cash in 2022/2023 and that the Group and Company has sufficient reserves to enable the Group and Company to meet its obligations as they fall due for a period of at least 12 months from the date when these financial statements have been signed.

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.

DIRECTORS

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

- David Palumbo
- Jeffrey Vander Linden
- Nauman Babar (appointed 19 Jul 2021)
- Yoel Alemán
- Ian Pearson
- Thomas Quigley
- Gerry Madden (resigned 15 Jul 2021)

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The Directors and secretary of EQTEC plc who held office at 31 December 2021 had the following interests in the Ordinary Shares (€0.001 each) of the Company:

DIRECTORS	AT 31 DECEMBER 2021	AT 31 DECEMBER 2020 (or date of appointment if later)
Ian Pearson	7,204,300	537,634
David Palumbo	43,659,090	23,659,090
Nauman Babar (also the Company's secretary)	-	-
Jeffrey Vander Linden	15,477,732	2,633,288
Yoel Alemán	170,791,970	78,209,666
Thomas Quigley	27,854,154	26,254,154

L-R: local Senior Project Manager and Dr Yoel Alemán (CTO) at North Fork, California, USA

Directors' report

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 2021		EMPLOYEE WARRANTS 2020	
	AT 31 DEC 2021	AT 31 DEC 2020	AT 31 DEC 2021	AT 31 DEC 2020
David Palumbo	-	-	196,968,812	196,968,812
Nauman Babar (also the Company's secretary)	3,332,716	-	-	-
Jeffrey Vander Linden	8,181,818	-	-	-
Yoel Alemán	-	-	98,484,406	98,484,406
Thomas Quigley	-	-	19,696,881	19,696,881

The exercise price of the employee warrants is 0.25p with a contractual life of three years (expiry date 31 March 2023). At 31 December 2021 all of the employee warrants had fully vested.

The exercise price of the LTIP Options 2021 is 0.01p with an expiry date of 31 January 2032. At 31 December 2021, none of the LTIP options had vested – one-third of the options granted above are expected to vest in 2022. Further details of the LTIP scheme are set out in Note 27 of the financial statements.

The directors and secretary who held office at 31 December 2021 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 who can 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 performance of the Company as a whole and attracts leadership with strong accountability, comfort with ambiguity, entrepreneurialism and long experience and expertise on matters 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 financial function. The accounting records are held at the Company's business address at Building 1000, City Gate, Mahon, Cork T12 W7CV, Ireland.

Directors' report

IMPORTANT EVENTS SINCE THE YEAR-END

Details of occurrence of events since 31 December 2021 with an impact on the Group are included in Note 35 to the Financial Statements.

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.
- conduct 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 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.

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

L-R: Dr. Esther Lorente, Denisa Rodríguez

> **"Our technology transforms the world's waste into syngas, a sustainable fuel for hydrogen, biofuels, synthetic natural gas (SNG), electricity and thermal power."**

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.

On behalf of the Board:

IAN PEARSON
Non-Executive Chairman

22 April 2022

DAVID PALUMBO
Chief Executive Officer

22 April 2022

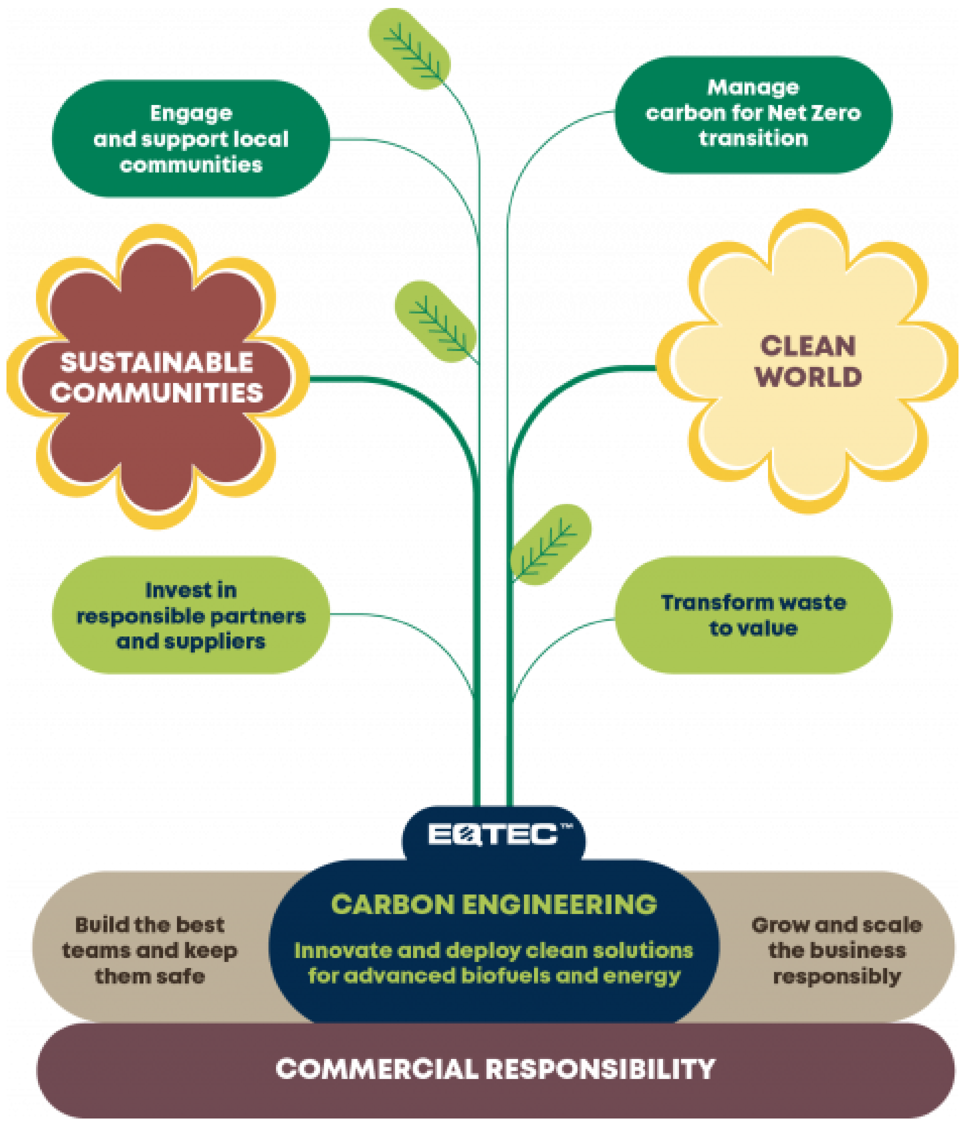
ESG spotlight

EQTEC ESG Statement: Carbon Engineering for a Net Zero Future

In January 2022, we released our Environmental, Social and Governance (ESG) Statement.

The Statement sets out how EQTEC will build on its ESG achievements to date and incorporate a range of ESG goals into its three-year business strategy and annual business plans. We view realisation of these goals as fundamental to the Company's mission and long-term commercial success.

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



> **EQTEC has long prioritised sustainable growth in its business strategy. The ESG Statement enriches our strategy by setting ambitious goals for the Group and its partners, suppliers and employees. It also makes the Company and its leadership accountable for driving progress and communicating it to our stakeholders.**

IAN PEARSON
Non-Executive Chairman

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; and*
- 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.*

Managing and reporting our progress:

The Group is establishing formal governance for ESG and integrating ESG reporting into existing Group management reporting with ESG communication aligned into its existing communication standards. A full year ESG report for 2022 will be released in Spring 2023.

Independent auditor's report

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 2021 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 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 2021 and of the Group's financial performance and cash flows for the financial year then ended;
- The Company statement of financial position gives 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 2021 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 to adopt the 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
- Existence and valuation of 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 judgment, 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 2021. 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.

Independent auditor's report

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
The Group had significant amount of goodwill arising from the acquisition of Eqtec Iberia SLU in 2017 (see Note 18). As at 31 December 2021, goodwill amounted to €15,283,459 which was 30.20% of the Group's total assets. Eqtec Iberia SLU incurred losses amounting to €104,852 in 2021 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.

The preparation of the consolidated financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amount of income and expenses during the reporting period. Management bases its estimates and judgements on future cash flows and on other factors that are believed to be reasonable under the circumstances. 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 judgmental 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 balance sheet 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 completion method involves significant scope for judgment 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.

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

Our response
Our opinion is based on the following audit procedures:

- 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.

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 2021 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 judgmental 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.

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 auditor's objectives 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 their 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.

As part of an audit in accordance with ISAs (Ireland), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. The auditor will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

Where the auditor is reporting on consolidated financial statements, the auditor's responsibilities are to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Group auditor is responsible for the direction, supervision and performance of the Group audit, and the Group auditor remains solely responsible for the audit opinion.

The auditor also provides those charged with governance with a statement that they have complied with relevant ethical requirements regarding independence, including the Ethical Standards for Auditors (Ireland), and communicates with them all relationships and other matters that may reasonably be thought to bear on their independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. These matters are described in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

Dublin 2, Ireland
22 April 2022

Financial statements


Belišće MDC, Croatia

Consolidated statement of profit or loss
for the financial year ended 31 December 2021

	NOTES	2021 €	2020 €
Revenue	8	9,171,764	2,234,727
Cost of sales		(7,541,354)	(1,978,987)
Gross profit		**1,630,410**	**255,740**
Operating income / (expenses)			
Administrative expenses		(4,190,592)	(3,694,217)
Other income	9	-	61,922
Impairment costs	14	(5,498)	(17,250)
Other losses	12	(1,418,860)	(170,059)
Employee share-based compensation	10	(205,648)	(1,297,309)
Foreign currency gains		348,885	211,337
Operating loss		**(3,841,303)**	**(4,649,836)**
Share of results from equity accounted investments	20	(24,188)	-
Gains from sales to equity accounted investments deferred	20	(211,478)	-
Gain arising from loss of control of subsidiaries	19	9,957	-
Change in fair value of financial investments	22	(250,378)	-
Finance income	11	134,069	17,329
Finance costs	11	(517,108)	(1,206,392)
Loss before taxation	14	**(4,700,429)**	**(5,838,899)**
Income tax	15	-	-
Loss for the financial year from continuing operations		**(4,700,429)**	**(5,838,899)**
Profit for the financial year from discontinued operations	32	-	71,084
LOSS FOR THE FINANCIAL YEAR		**(4,700,429)**	**(5,767,815)**
Loss attributable to:			
Owners of the Company		(4,700,497)	(5,762,733)
Non-controlling interest		68	(5,082)
		(4,700,429)	**(5,767,815)**
		2021 € per share	**2020 € per share**
Basic loss per share:			
From continuing operations	16	(0.001)	(0.001)
From continuing and discontinued operations	16	(0.001)	(0.001)
Diluted loss per share:			
From continuing operations	16	(0.001)	(0.001)
From continuing and discontinued operations	16	(0.001)	(0.001)

The notes on pages 60 to 118 form part of these financial statements.

Consolidated statement of comprehensive income
for the financial year ended 31 December 2021

	2021 €	2020 €
Loss for the financial year	(4,700,429)	(5,767,815)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on retranslation of foreign operations	238,715	6,080
	238,715	**6,080**
Total comprehensive loss for the financial year	**(4,461,714)**	**(5,761,735)**
Attributable to:		
Owners of the Company	(4,301,511)	(5,848,045)
Non-controlling interests	(160,203)	86,310
	(4,461,714)	**(5,761,735)**


L-R: Jeff Vander Linden (COO), Lisa Sylvester (Executive Assistant), Lisa Artemis (Head of Marketing & Communcations), Joshua Payne (Head of Analytics), Nauman Babar (CFO)

Total assets

€50.5M

The notes on pages 60 to 118 form part of these financial statements.

Consolidated statement of financial position
at 31 December 2021

ASSETS	NOTES	2021 €	2020 €
Non-current assets			
Property, plant and equipment	17	446,861	187,792
Intangible assets	18	17,702,833	15,283,459
Investments accounted for using the equity method	20	8,074,184	3,379,625
Financial assets	21	4,050,030	2,570,888
Other financial investments	22	506,976	-
Total non-current assets		**30,780,884**	**21,421,764**
Current assets			
Development assets	24	3,455,496	503,653
Loans receivable from project development undertakings	24	3,000,469	482,537
Trade and other receivables	25	6,876,747	894,531
Cash and cash equivalents	26	6,446,217	6,394,791
		19,778,929	**8,275,512**
Assets included in disposal group classified as held for resale	32	-	-
Total current assets		**19,778,929**	**8,275,512**
Total assets		**50,559,813**	**29,697,276**

The notes on pages 60 to 118 form part of these financial statements.

Consolidated statement of financial position
at 31 December 2021 – continued

EQUITY AND LIABILITIES	NOTES	2021 €	2020 €
Equity			
Share capital	27	25,977,130	24,355,545
Share premium	27	83,610,562	62,896,521
Other reserves		2,353,868	2,148,220
Accumulated deficit		(66,177,072)	(61,875,561)
Equity attributable to the owners of the Company		**45,764,488**	**27,524,725**
Non-controlling interests	28	(2,384,189)	(2,223,986)
Total equity		**43,380,299**	**25,300,739**
Non-current liabilities			
Lease liabilities	30	56,855	106,465
Total non-current liabilities		**56,855**	**106,465**
Current liabilities			
Trade and other payables	31	6,921,806	3,183,979
Borrowings	29	-	1,020,851
Lease liabilities	30	200,853	85,242
		7,122,659	**4,290,072**
Liabilities included in disposal group classified as held for resale	32	-	-
Total current liabilities		**7,122,659**	**4,290,072**
Total equity and liabilities		**50,559,813**	**29,697,276**

The financial statements were approved by the Board of Directors on 22 April 2022 and signed on its behalf by:

IAN PEARSON
Non-Executive Chairman

DAVID PALUMBO
Chief Executive Officer

The notes on pages 60 to 118 form part of these financial statements.

Consolidated statement of changes in equity
for the financial year ended 31 December 2021

	SHARE CAPITAL €	SHARE PREMIUM €	OTHER RESERVES €	ACCUMULATED DEFICIT €	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY €	NON-CONTROLLING INTERESTS €	TOTAL €
Balance at 1 January 2020	**21,317,482**	**52,487,278**	**-**	**(56,011,538)**	**17,793,222**	**(2,326,274)**	**15,466,948**
Issue of ordinary shares in EQTEC plc (Note 27)	2,658,622	9,841,484	-	-	12,500,106	-	12,500,106
Conversion of debt into equity (Note 27)	379,441	1,536,252	-	-	1,915,693	-	1,915,693
Share issue costs (Note 27)	-	(639,931)	-	-	(639,931)	-	(639,931)
Employee share-based compensation (Notes 10 & 27)	-	-	1,297,309	-	1,297,309	-	1,297,309
Recognition of equity element of debt (Notes 12 & 27)	-	-	522,349	-	522,349	-	522,349
Warrants issued on placing of shares	-	(328,562)	328,562	-	-	-	-
Change in the ownership interest	-	-	-	(15,978)	(15,978)	15,978	-
Transactions with owners	**3,038,063**	**10,409,243**	**2,148,220**	**(15,978)**	**15,579,548**	**15,978**	**15,595,526**
Loss for the financial year	-	-	-	(5,762,733)	(5,762,733)	(5,082)	(5,767,815)
Unrealised foreign exchange losses	-	-	-	(85,312)	(85,312)	91,392	6,080
Total comprehensive loss for the financial year	**-**	**-**	**-**	**(5,848,045)**	**(5,848,045)**	**86,310**	**(5,761,735)**
Balance at 31 December 2020	**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 27)	1,402,324	18,206,268	-	-	19,608,592	-	19,608,592
Conversion of debt into equity (Notes 27 and 29)	167,728	3,285,013	-	-	3,452,741	-	3,452,741
Issued in acquisition of financial asset (Note 27)	51,533	693,628	-	-	745,161	-	745,161
Share issue costs (Note 27)	-	(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**

The notes on pages 60 to 118 form part of these financial statements.

Consolidated statement of cash flows
for the financial year ended 31 December 2021

CONSOLIDATED STATEMENT OF CASH FLOWS	NOTES	2021 €	2020 €
Cash flows from operating activities			
Loss for the financial year		(4,700,429)	(5,838,899)
Adjustments for:			
Depreciation of property, plant and equipment	17	156,520	83,463
Amortisation of intangible assets	18	72,685	-
Loss on disposal of investments		-	1,275
Impairment of other financial investments	22	-	17,250
Employee share-based compensation	10	205,648	1,297,309
Impairment of trade receivables	25	-	19,016
Share of loss of equity accounted investments		24,188	-
Gains from sales to equity accounted investments deferred		211,478	-
Gain on loss of control of subsidiary	19	(9,957)	-
Change in fair value of financial investments	22	250,378	-
Loss on debt for equity swap	12	1,418,860	170,059
Unrealised foreign exchange movements		103,234	(201,723)
Operating cash flows before working capital changes		**(2,267,395)**	**(4,452,250)**
Decrease/(increase) in:			
Development assets		(3,144,600)	(503,653)
Trade and other receivables		(5,946,010)	6,754
Increase in trade and other payables		3,432,256	264,141
Cash used in operating activities – continuing operations		**(7,925,749)**	**(4,685,008)**
Finance income	11	(134,069)	(17,329)
Finance costs	11	517,108	1,206,392
Net cash used in operating activities – continuing operations		**(7,542,710)**	**(3,495,945)**
Net cash used in operating activities – discontinued operations	32	-	(47,741)
Cash used in operating activities		**(7,542,710)**	**(3,543,686)**

The notes on pages 60 to 118 form part of these financial statements.

Consolidated statement of cash flows
for the financial year ended 31 December 2021 - continued

CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED	NOTES	2021 €	2020 €
Cash flows from investing activities			
Additions to intangible assets		(1,000,000)	-
Proceeds from the disposal of property, plant and equipment		-	300,000
Cash inflow from disposal of subsidiary	33	-	218,635
Selling expenses on disposal of subsidiary	33	-	(65,261)
Loans advanced to project development undertakings		(2,430,137)	(469,769)
Proceeds from the disposal of other investments		-	84
Investment in equity accounted undertakings		(978,825)	(1,150,619)
Loans advanced to equity accounted undertakings		(3,746,984)	-
Investment in related undertakings		(697,635)	(333,882)
Other advances to equity accounted undertakings		(27,508)	-
Net cash used in investing activities – continuing operations		**(8,881,089)**	**(1,500,812)**
Net cash used in investing activities – discontinued operations	32	-	(19,997)
Net cash used in investing activities		**(8,881,089)**	**(1,520,809)**
Cash flows from financing activities			
Proceeds from borrowings and lease liabilities	29	1,391,174	107,000
Repayment of borrowings and lease liabilities	29	(3,031,724)	(1,363,348)
Loan issue costs	29	-	(30,944)
Proceeds from issue of ordinary shares		19,420,222	12,735,236
Share issue costs		(1,180,217)	(635,911)
Interest paid		(20)	(21,955)
Net cash generated from financing activities – continuing operations		**16,599,435**	**10,790,078**
Net cash used in financing activities – discontinued operations	32	-	(63,196)
Net cash generated from financing activities		**16,599,435**	**10,726,882**
Net increase in cash and cash equivalents		**175,636**	**5,662,387**
Cash and cash equivalents at the beginning of the financial period		6,270,581	608,194
Cash and cash equivalents at the end of the financial period	26	**6,446,217**	**6,270,581**
Cash and cash equivalents included in disposal group	32	-	-
Cash and cash equivalents for continuing operations	26	**6,446,217**	**6,270,581**

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

The notes on pages 60 to 118 form part of these financial statements.

Company statement of financial position
at 31 December 2021

	NOTES	2021 €	2020 €
ASSETS			
Non-current assets			
Intangible assets	18	2,419,374	-
Investment in subsidiary undertakings	19	17,994,504	17,869,630
Investments accounted for using the equity method	20	6,569,432	3,379,625
Other financial investments	22	506,976	-
Total non-current assets		**27,490,286**	**21,249,255**
Current assets			
Development assets	24	305,553	9,275
Loan receivable from project development undertakings	24	613,678	243,598
Trade and other receivables	25	14,507,848	2,703,491
Cash and bank balances	26	4,845,633	6,111,864
Total current assets		**20,272,712**	**9,068,228**
Total assets		**47,762,998**	**30,317,483**
EQUITY AND LIABILITIES			
Equity			
Share capital	27	25,977,130	24,355,545
Share premium	27	102,544,642	81,830,601
Other reserves		2,353,868	2,148,220
Accumulated deficit		(83,603,698)	(79,661,097)
Total equity		**47,271,942**	**28,673,269**
Total non-current liabilities		**-**	**-**
Current liabilities			
Borrowings	29	-	896,641
Trade and other payables	31	491,056	747,573
Total current liabilities		**491,056**	**1,644,214**
Total equity and liabilities		**47,762,998**	**30,317,483**

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 €3,942,601 (2020: €3,270,895).

The financial statements were approved by the Board of Directors on 22 April 2022 and signed on its behalf by:

IAN PEARSON
Non-Executive Chairman

DAVID PALUMBO
Chief Executive Officer

The notes on pages 60 to 118 form part of these financial statements.

Company statement of changes in equity
for the financial year ended 31 December 2021

	SHARE CAPITAL €	SHARE PREMIUM €	OTHER RESERVES €	ACCUMULATED DEFICIT €	TOTAL €
Balance at 1 January 2020	**21,317,482**	**71,421,358**	**-**	**(76,390,202)**	**16,348,638**
Issue of ordinary shares in EQTEC plc (Note 27)	2,658,622	9,841,484	-	-	12,500,106
Conversion of debt into equity (Notes 27 and 29)	379,441	1,536,252	-	-	1,915,693
Share issue costs (Note 27)	-	(639,931)	-	-	(639,931)
Employee share-based compensation (Notes 10 and 27)	-	-	1,297,309	-	1,297,309
Recognition of equity element of debt (Notes 12 and 27)	-	-	522,349	-	522,349
Warrants issued on placing of shares (Note 27)	-	(328,562)	328,562	-	-
Transactions with owners	**3,038,063**	**10,409,243**	**2,148,220**	**-**	**15,595,526**
Loss for the financial year (Note 37)	-	-	-	(3,270,895)	(3,270,895)
Total comprehensive loss for the financial year	**-**	**-**	**-**	**(3,270,895)**	**(3,270,895)**
Balance at 31 December 2020	**24,355,545**	**81,830,601**	**2,148,220**	**(79,661,097)**	**28,673,269**
Issue of ordinary shares in EQTEC plc (Note 27)	1,402,324	18,206,268	-	-	19,608,592
Conversion of debt into equity (Note 27)	167,728	3,285,013	-	-	3,452,741
Issued in acquisition of financial asset (Note 27)	51,533	693,628	-	-	745,161
Share issue costs (Note 27)	-	(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	-	-	-	(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**

The notes on pages 60 to 118 form part of these financial statements.

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

COMPANY STATEMENT OF CASH FLOWS	NOTES	2021 €	2020 €
Cash flows from operating activities			
Loss before taxation		(3,942,601)	(3,270,895)
Adjustments for:			
Amortisation of intangible assets	18	72,685	-
Employee share-based compensation	10	80,771	1,297,309
Reversal of impairment of intercompany loans		-	(1,720,704)
Finance costs		508,747	1,177,335
Finance income		(104,568)	(13,397)
Impairment of intercompany balances		5,627	140,678
Change in fair value of financial investments	22	250,378	-
Loss on debt for equity swap	10	1,418,860	170,059
Foreign currency (gains)/losses arising from retranslation of borrowings		(280,767)	235,968
Operating cash flows before working capital changes		**(1,990,868)**	**(1,983,647)**
Funds advanced to inter-company accounts		(13,490,118)	(2,112,285)
Repayment of inter-company balances		2,205,863	689,637
Increase in development assets		(296,278)	(9,275)
Increase in trade and other receivables		(283,968)	(107,773)
Increase in trade and other payables		178,869	352,350
Net cash used in operating activities		**(13,676,500)**	**(3,170,993)**
Cash flows from investing activities			
Addition to intangible assets		(1,000,000)	-
Investment in equity accounted undertakings		(968,324)	(1,150,619)
Loans advanced to equity accounted undertakings		(2,036,074)	-
Investment in subsidiary		(10,000)	(1,000,000)
Subsidiaries transferred to other subsidiary undertakings		10,003	-
Loans advanced to project development undertakings		(350,000)	(230,957)
Net cash used in investing activities		**(4,354,395)**	**(2,381,576)**

The notes on pages 60 to 118 form part of these financial statements.

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

COMPANY STATEMENT OF CASH FLOWS - CONTINUED	NOTES	2021 €	2020 €
Cash flows from financing activities			
Proceeds from borrowings	29	1,391,174	-
Repayment of borrowings	29	(2,866,515)	(852,567)
Proceeds from issue of ordinary shares		19,420,222	12,735,236
Share issue costs		(1,180,217)	(635,911)
Loan issue costs	29	-	(30,944)
Net cash generated from financing activities		**16,764,664**	**11,215,814**
Net (decrease)/increase in cash and cash equivalents		**(1,266,231)**	**5,663,245**
Cash and cash equivalents at the beginning of the financial year		6,111,864	448,619
Cash and cash equivalents at the end of the financial year	**26**	**4,845,633**	**6,111,864**

Agriculture waste

The notes on pages 60 to 118 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 2021 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 nearly 60 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: gasification technology sales including software, engineering & design and other related services; maintenance income from operating plants; and we receive development fees from projects where we invest development capital. In the future we expect to receive potential revenue from licensing opportunities and revenue from live operations where EQTEC has an equity stake in a plant.

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

New/revised standards and interpretations adopted in 2021

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 2021. Their adoption has not had any impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: *Interest Rate Benchmark Reform Phase 2;*
- Amendments to IFRS 16: *COVID-19 Rent Related Concessions*.

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 IFRS 3 *Reference to the Conceptual Framework*;
- 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 First time adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture*;
- 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 2021 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 2021 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 €4,700,429 (2020: €5,767,815) during the financial year ended 31 December 2021 and had net current assets of €12,656,270 (2020: €3,985,440) and net assets of €43,380,299 (2020: €25,300,739) at 31 December 2021.

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 April 2023 taking account of reasonably plausible changes in trading performance and market conditions, which have been reviewed by the Directors. These reasonably plausible changes include the continued impact of the Covid-19 pandemic and any related operational and execution delays caused by it. The forecasts demonstrate that the Group and Company is forecast to generate cash in 2022/2023 and that the Group has sufficient cash reserves

3. STATEMENT OF ACCOUNTING POLICIES - CONTINUED

to enable the Group and Company to meet its obligations as they 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 2021. 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 noncontrolling 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 32).

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.

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

3. STATEMENT OF ACCOUNTING POLICIES - CONTINUED

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.

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

3. STATEMENT OF ACCOUNTING POLICIES - CONTINUED

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.

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

3. STATEMENT OF ACCOUNTING POLICIES - CONTINUED

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

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 composed of 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;
- 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.

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 2021 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.

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.

3. STATEMENT OF ACCOUNTING POLICIES - CONTINUED

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 include 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 advisers.

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

3. STATEMENT OF ACCOUNTING POLICIES - CONTINUED

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. 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 advisers 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, which include the continued impact of the Covid-19 pandemic and any related operational and execution delays caused by it. 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 19, 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.

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

The Group holds 49% of the share capital of Synergy Karlovaç d.o.o. and Synergy Belisce d.o.o. However, this entity is 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 judgment 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.

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 estimate for future cash flows includes consideration of possible delays due to Covid-19. The total property, plant and equipment reversal of impairment charges during the financial year as included in Note 17 amounted to €Nil (2020: €Nil), while the impairment for goodwill during the financial year as included in Note 18 amounted to €Nil (2020: €Nil).

Provision for impairment of financial assets - Group

Determining whether the carrying value of financial assets 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 €Nil (2020: €Nil) be recognised in the Group accounts of EQTEC plc.

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 (2020: €Nil) be recognised in the Company accounts of EQTEC plc.

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 18.

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, judgment 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 2021, provisions for doubtful debts amounted to €475,687 which represents 9% of trade receivables at that date (31 December 2020: €475,687– 74%) (see Note 25).

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 27).

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 24).

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:

	2021 €	2020 €
Loans receivable from project development undertakings	3,000,469	482,537
Trade and other receivables	6,876,747	894,531
Cash and cash equivalents	6,446,217	6,394,791

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

	2021 €	2020 €
Loans receivable from project development undertakings	613,678	243,598
Trade and other receivables	14,507,848	2,703,491
Cash and cash equivalents	4,845,633	6,111,864

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.

5. FINANCIAL RISK MANAGEMENT - CONTINUED

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

	2021 €	2020 €
Loans receivable from project development undertakings		
Loan receivable from Logik Wte Limited	1,538,420	170,561
Loan receivable from Shankley Biogas Limited	848,371	68,378
Trade and other receivables		
Receivable from Synergy Karlovaç d.o.o.	2,202,884	-
Receivable from Synergy Belisce d.o.o.	1,962,925	-

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 (2020: 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 25.

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 liabilities as at 31 December 2021:

	NOTES	UP TO 1 YEAR €	1-5 YEARS €	AFTER 5 YEARS €	TOTAL €
Trade and other payables	31	6,921,806	-	-	6,921,806
Investor loans	29	-	-	-	-
Bank overdraft	29	-	-	-	-
		6,921,806	**-**	**-**	**6,921,806**

The table below details the maturity of the Group's liabilities as at 31 December 2020:

	NOTES	UP TO 1 YEAR €	1-5 YEARS €	AFTER 5 YEARS €	TOTAL €
Trade and other payables	31	3,183,980	-	-	3,183,980
Investor loans	29	896,641	-	-	896,641
Bank borrowings	29	124,210	-	-	124,210
		4,204,831	**-**	**-**	**4,204,831**

5. FINANCIAL RISK MANAGEMENT - CONTINUED

Maturity of all Company's liabilities as at 31 December 2021 and 31 December 2020 are up to 1 year. Refer to Note 29 and 31 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 29.

The Group's bank borrowings and other debt instruments (excluding amounts in the disposal group) amounted to €Nil and €1,020,851 in 31 December 2021 and 31 December 2020, respectively. The Company's debt instruments amounted to €Nil and €896,641 in 31 December 2021 and 31 December 2020, 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 2021 would increase/decrease by €Nil (2020: increase/decrease by €621) with a corresponding decrease/increase in equity.

The Group's sensitivity to interest rates has decreased during the current financial year mainly due to the repayment of investor loans in EQTEC plc in the financial year.

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	
	2021 €	2020 €	2021 €	2020 €
Sterling	3,813,537	2,722,298	8,208,131	6,441,771
US Dollar	-	984,906	25,695	38,354
Croatian Kuna	240,247	-	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	
	2021 €	2020 €	2021 €	2020 €
Sterling	169,433	461,909	12,822,699	7,221,106
US Dollar	-	984,906	45,549	54,661

5. FINANCIAL RISK MANAGEMENT - CONTINUED

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.

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, coupled with the set up of a new Croatian subsidiary.

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 22).

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 2021 and 2020 would increase/decrease by €25,349 (2020: Not applicable) as a result of the changes in fair value of the investments in listed shares.

	GROUP		COMPANY	
	2021 €	2020 €	31 Dec 2021 €	31 Dec 2020 €
Sterling Impact: Profit and loss/equity	443,898	375,704	1,278,108	682,747
US Dollar Impact: Profit & Loss/Equity	2,288	95,611	4,056	93,964
Croatian Kuna: Profit and loss/equity	98,184	-	-	-

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 2021 and 2020.

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

	31 DEC 2021 €	31 DEC 2020 €
Borrowings	-	1,020,851
Lease liabilities	257,708	191,707
Cash and bank balances	(6,446,217)	(6,394,791)
Net debt	**(6,188,509)**	**(5,182,233)**
Equity	45,764,488	27,524,725
Net debt to equity ratio	(14%)	(19%)

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)	
	2021 €	2020 €	2021 €	2020 €
Technology Sales	9,171,764	2,234,727	995,000	(878,877)
Power Generation	-	-	(328)	(11,094)
Total from continuing operations	**9,171,764**	**2,234,727**	**994,672**	**(889,971)**
Central administration costs and directors' salaries			(3,554,854)	(2,548,506)
Impairment costs			(5,498)	(17,250)
Other income			-	61,922
Other losses			(1,418,860)	(170,059)
Change in fair value of financial investments			(250,378)	-
Foreign currency gains			348,885	211,337
Employee share-based compensation			(205,648)	(1,297,309)
Share of results from equity accounted investments			(24,188)	-
Gains from sales to equity accounted investments deferred			(211,478)	-
Gain arising from loss of control of subsidiaries			9,957	-
Finance income			134,069	17,329
Finance costs			(517,108)	(1,206,392)
Loss before taxation (continuing operations)			**(4,700,429)**	**(5,838,899)**

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 (2020: €Nil). Included in revenues in the Technology Sales Segment are revenues of €7,084,872 (2020: €1,980,000) which arose from sales to associate undertakings and joint ventures of EQTEC plc. This represents 77% (2020: 89%) 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.

7. SEGMENT INFORMATION - CONTINUED

Other segment information:

	DEPRECIATION AND AMORTISATION		ADDITIONS TO NON-CURRENT ASSETS	
	2021 €	2020 €	2021 €	2020 €
Technology Sales	84,381	83,463	195,643	-
Power Generation	-	-	-	-
Head Office	144,824	-	2,708,474	-
	229,205	**83,463**	**2,904,117**	**-**

In addition to the depreciation and amortisation reported above, reversal of impairment losses of €Nil (2020: €Nil) were recognised in respect of property, plant, equipment and intangible assets and goodwill respectively.

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*	
	2021 €	2020 €	2021 €	2020 €
Republic of Ireland	-	-	-	-
EU	6,734,156	254,727	2,720,427	187,792
United States of America	2,437,608	1,980,000	-	-
United Kingdom	-	-	147,808	-
	9,171,764	**2,234,727**	**2,868,235**	**187,792**

*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 and discontinued operations, is as follows:

	CONTINUING		DISCONTINUED	
	2021 €	2020 €	2021 €	2020 €
Revenue from technology sales	8,022,509	2,234,727	-	-
Revenue from the generation of energy from wind	-	-	-	135,644
Revenue from development fees	1,149,255	-	-	-
	9,171,764	**2,234,727**	**-**	**135,644**

9. OTHER INCOME

	CONTINUING		DISCONTINUED	
	2021 €	2020 €	2021 €	2020 €
Operating grants	-	39,782	-	-
Reimbursement of wind development costs	-	16,449	-	-
Other income	-	5,691	-	-
	-	**61,922**	**-**	**-**

10. EMPLOYEE SHARE-BASED PAYMENTS

	CONTINUING		DISCONTINUED	
	2021 €	2020 €	2021 €	2020 €
Expensed in the year	205,648	1,297,309	-	-

The share-based payment expense includes the cost of employee warrants and options granted and vested in the year (Note 27).

11. FINANCE COSTS AND INCOME

	CONTINUING		DISCONTINUED	
	2021 €	2020 €	2021 €	2020 €
Finance Costs				-
Interest on loans, bank facilities and overdrafts	41,818	1,149,141	-	18,382
Fees on early redemption of loans	466,929	50,149	-	-
Interest expense for leasing arrangements	8,341	7,102	-	-
Other interest	20	-	-	-
	517,108	**1,206,392**	**-**	**18,382**
Finance Income				-
Interest receivable on loans advanced	121,459	13,397	-	-
Interest receivable on deferred consideration	12,610	3,932	-	-
Interest receivable on bank deposits	-	-	3	3
	134,069	**17,329**	**3**	**3**

Included in finance costs under continuing activities is an amount of €Nil (2020: €522,349) with respect to lender warrants granted during the year (see Note 27).

12. OTHER LOSSES

	CONTINUING		DISCONTINUED	
	2021 €	2020 €	2021 €	2020 €
Loss on debt for equity swap	1,418,860	170,059	-	-

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 loss recognised on these transactions was €1,418,860 (2020: €170,059).

13. EMPLOYEE DATA

	2021 €	2020 €
The aggregate payroll costs of employees (including executive directors) in the Group were as follows:		
Salaries	1,575,325	858,915
Social insurance costs	284,643	163,423
Pension costs – defined contribution plans	34,134	(16,932)
Termination payments	241,061	-
Other compensation costs:		
Cost of share-based payments	205,648	1,297,309
Short term incentives	506,999	-
Private health insurance and other insurance costs	15,071	-
	2,862,881	**2,302,715**

13. EMPLOYEE DATA - CONTINUED

	NO. 2021	NO. 2020
Average number of employees (including executive directors)	19	13
Company		
Average number of employees (including executive directors)	4	2

14. LOSS BEFORE TAXATION

	2021 €	2020 €
Loss before taxation on continuing operations is stated after charging/(crediting):		
Depreciation of leasehold buildings (Note 17)	156,520	83,463
Amortisation of intangible assets (Note 18)	72,685	-
Impairment of investments (Note 22)	-	17,250
Movement in fair value of investments (Note 22)	250,378	-
Research and development	17,991	26,412
Gains on foreign exchange	(348,885)	(211,337)
Directors' remuneration (Note 34)**:**		
for services as directors	111,234	486,122
for salaries as management	730,496	408,948
share-based payments	86,261	1,127,141
compensation for loss of office	241,061	-
Impairment of development assets (Note 24)	5,498	-
Auditor's remuneration:		
Audit of Group accounts	90,000	60,000
Tax advisory services	15,000	11,000
	105,000	**71,000**

15. INCOME TAX

	2021 €	2020 €
Income tax expense comprises:		
Current tax expense	-	-
Deferred tax credit	-	-
Adjustment for prior financial years	-	-
Tax expense	**-**	**-**

	2021 €	2020 €
Loss before taxation	**(4,700,429)**	**(5,767,815)**
Applicable tax 12.50% (2020: 12.50%)	(587,554)	(720,977)
Effects of:		
Amortisation & depreciation in excess of capital allowances	28,475	17,130
Expenses not deductible for tax purposes	234,361	248,715
Losses carried forward	324,718	455,132
Movement in deferred tax	-	-
Actual tax expense	**-**	**-**

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.

16. LOSS PER SHARE

	2021 PER SHARE €	2020 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:

	2021 €	2020 €
Loss for period attributable to equity holders of the parent	(4,700,497)	(5,762,733)
Profit for the period from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	71,084
Losses used in the calculation of basic loss per share from continuing operations	**(4,700,497)**	**(5,833,817)**
	No.	**No.**
Weighted average number of ordinary shares for the purposes of basic loss per share	7,956,449,726	5,435,107,932
Weighted average number of ordinary shares for the purposes of diluted loss per share	7,956,449,726	5,435,107,932

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.

	2021 PER SHARE €	2020 PER SHARE €
Share warrants in issue	464,005,793	651,936,876
Share options in issue	67,304,542	33,652,271
LTIP options in issue	21,124,586	-
Total anti-dilutive shares	**552,434,921**	**685,589,147**

Details of share warrants and share options in issue outstanding at year-end are set out in Note 27.

17. PROPERTY, PLANT AND EQUIPMENT

GROUP	RIGHT OF USE ASSETS €	OFFICE EQUIPMENT €	CONSTRUCTION IN PROGRESS €	TOTAL €
Cost				-
At 1 January 2020	354,718	181,264	2,465,103	3,001,085
Disposals	-	(117,922)	-	(117,922)
Derecognition of assets	-	-	(2,465,103)	(2,465,103)
At 31 December 2020	**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**
Accumulated depreciation				
At 1 January 2020	83,463	181,264	2,465,103	2,729,830
Charge for the financial year	83,463	-	-	83,463
Charge on disposal	-	(117,922)	-	(117,922)
Derecognition of assets	-	-	(2,465,103)	(2,465,103)
At 31 December 2020	**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**
Carrying amount				
At 31 December 2020	**187,792**	**-**	**-**	**187,792**
At 31 December 2021	**254,104**	**-**	**192,757**	**446,861**

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

	2021 €	2020 €
Leasehold buildings	**254,104**	**187,792**

17. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

COMPANY	OFFICE EQUIPMENT €	TOTAL €
Cost		
At 1 January 2020, at 31 December 2020 and at 31 December 2021	1,233	1,233
Accumulated depreciation		
At 1 January 2020, at 31 December 2020 and at 31 December 2021	1,233	1,233
Carrying amount		
At 31 December 2020	**-**	**-**
At 31 December 2021	**-**	**-**

18. INTANGIBLE ASSETS

GROUP	GOODWILL €	PATENTS €	TOTAL €
Cost			
As at 1 January 2020 and at 31 December 2020	**16,710,497**	**-**	**16,710,497**
Additions, separately acquired	-	2,492,059	2,492,059
As at 31 December 2021	**16,710,497**	**2,492,059**	**19,202,556**
Amortisation and Impairment			
As at 1 January 2020	1,427,038	-	1,427,038
Impairment losses	-	-	-
As at 31 December 2020	**1,427,038**	**-**	**1,427,038**
Amortisation	-	72,685	72,685
Impairment losses	-	-	-
As at 31 December 2021	**1,427,038**	**72,685**	**1,499,723**
Carrying amount			
As at 31 December 2020	**15,283,459**	**-**	**15,283,459**
As at 31 December 2021	**15,283,459**	**2,419,374**	**17,702,833**

18. INTANGIBLE ASSETS - CONTINUED

COMPANY	PATENTS €	TOTAL €
Cost		
As at 1 January 2020 and at 31 December 2020	-	-
Additions	2,492,059	2,492,059
As at 31 December 2021	**2,492,059**	**2,492,059**
Amortisation and Impairment		
As at 1 January 2020 and at 31 December 2020	-	-
Amortisation	72,685	72,685
As at 31 December 2021	**72,685**	**72,685**
Carrying amount		
As at 31 December 2020	-	-
As at 31 December 2021	**2,419,374**	**2,419,374**

Patents
During the year ended 31 December 2021, the Group acquired patents from a company controlled by one of the directors. Patents and trademarks are amortised over their estimated useful lives, which is on average 20 years. The average remaining amortisation period for these patents is 19.4 years (2020: Not applicable).

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 (2020: 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 (2020: €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:

	2021 €	2020 €
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 14% (2020: 14%) for the Eqtec Iberia CGU.

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 14% (2020: 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

18. INTANGIBLE ASSETS - CONTINUED

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 estimate for future cash flows includes consideration of possible delays due to Covid-19.

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:

- 1% increase in discount rate
- 1 project delayed in 2022, 2 projects delayed in 2023, 3 projects delayed in 2024
- Zero percentage long term growth rate (year 6 onwards)
- 1 major anticipated project delayed until 2023

All of these sensitivity analysis resulted in no impairment. An impairment loss of €Nil (2020: €Nil) has been calculated for the financial year ended 31 December 2021.

19. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

COMPANY	2021 €	2020 €
Investment in subsidiary undertakings		
At beginning of financial year	17,869,630	16,869,625
Reclassification of inter-company balance as contribution to capital in Eqtec Iberia	-	1,000,000
Investment in other subsidiaries	10,000	5
Transfer of investment in subsidiaries to other subsidiary undertakings	(10,003)	-
Share options and awards	124,877	-
At end of financial year	**17,994,504**	**17,869,630**
Loans to subsidiary undertakings		
At beginning of financial year	-	571,304
Provision for impairment of investment in subsidiaries	-	(571,304)
At end of financial year	**-**	**-**

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.

During the year, the Company transferred shareholdings in subsidiary undertakings at cost to other subsidiary undertakings.

19. INVESTMENT IN SUBSIDIARY UNDERTAKINGS - CONTINUED

Details of EQTEC plc subsidiaries at 31 December 2021 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 (formerly EQTEC Holdings (UK) 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 (formerly Humber Gate WTV 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

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. 3 Stucley Place, London NW1 8NS, 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.

19. 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	
		2021 %	2020 %	2021 €	2020 €	2021 €	2020 €
Newry Biomass Limited	Northern Ireland	49.98	49.98	68	(5,080)	(2,489,189)	(2,328,986)
Individually immaterial subsidiaries with non-controlling interests		0.00	0.00	-	(2)	105,000	105,000
Total				**68**	**(5,082)**	**(2,384,189)**	**(2,223,986)**

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 2021 and 2020.

During the year, the Group set up two subsidiaries, Synergy Belisce d.o.o. and Synergy Karlovaç 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**

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2021 €	2020 €
Group		
Investment in associate undertakings (a)	6,951,064	3,379,625
Investment in joint ventures (b)	1,123,120	-
	8,074,184	**3,379,625**
Company		
Investment in associate undertakings (a)	**6,569,432**	**3,379,625**
a) Investment in associate undertakings		
Group		
At beginning of financial year	3,379,625	2,229,006
Derecognition of loans	(1,150,619)	-
Investment in shares	2,458,584	-
Loans advanced to associate undertakings	2,272,113	1,150,619
Interest accrued on loans to associate undertakings	64,693	-
Share of loss of associate undertakings	(19,441)	-
Adjustment in respect on unrealised gains on sales from the Group	(101,296)	-
Exchange differences	47,405	-
At end of financial year	**6,951,064**	**3,379,625**
Made up as follows:		
Investment in shares in associate undertakings	4,597,855	2,229,006
Loans advanced to associate undertakings	2,384,248	1,150,619
Less: Losses recognised under the equity method	(31,039)	-
	6,951,064	**3,379,625**

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - CONTINUED

Investment in associate undertakings

Details of the Group's interests in associated undertakings at 31 December 2021 is as follows:

NAME OF ASSOCIATE UNDERTAKING	COUNTRY OF INCORPORATION	SHAREHOLDING		PRINCIPAL ACTIVITY
		2021	2020	
North Fork Community Power LLC	United States of America	49%[2]	19.99%[1]	Operator of biomass gasification power project
EQTEC Italia MDC srl	Italy	20.02%	N/a	Operator of biomass gasification power project

Notes:

[1] Per the original shareholders' agreement, the share of profits in the associate was limited to 0.1999% rising to 19.99% thereafter.

[2] On 14 October 2021, the Group announced an additional investment of US$2.8 million in North Fork, increasing the Group's equity in the associate to 49%, with no restriction on the share of profits.

EQTEC Italia MDC srl was set up originally as a subsidiary undertaking of the Group. On 21 June 2021, it was announced that three different parties have agreed to contribute additional capital into EQTEC Italia MDC srl, leaving the Group with an interest of 20.02% in the associate undertaking.

On 14 October 2021, it was announced that the Group would provide North Fork Community Power LLC with a two-year convertible loan facility of up to $4.5 million. The Convertible Loan Facility will accrue interest at a rate of 10% per annum, payable annually, and the balance outstanding (including any accrued interest) will be convertible at the Group's option at the earliest of: the maturity date, any default or any takeover. If the Convertible Loan Facility were fully drawn down and converted into equity, it would result in the Company's taking a controlling interest in North Fork Community Power LLC. At 31 December 2021, the total of principal and accrued interest amounted to €1,891,842.

On 21 June 2021, the group advanced €482,000 to EQTEC Italia MDC srl by way of a five-year loan. The loan will accrue interest at a rate of 4% per annum, and the principal and accrued interest will become payable on the expiry date, being 18 June 2026.

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - CONTINUED

	2021			2020		
	NORTH FORK €	EQTEC ITALIA €	TOTAL €	NORTH FORK €	EQTEC ITALIA €	TOTAL €
Non-current assets	46,469	2,155,006	2,201,475	44,552	-	44,552
Current assets	23,555,070	454,946	24,010,016	17,686,647	-	17,686,647
Non-current liabilities	(19,422,943)	(2,542,001)	(21,964,944)	(16,213,836)	-	(16,213,836)
Current liabilities	74,253	(110,805)	(36,552)	(263,150)	-	(263,150)
Net Assets	**4,252,849**	**(42,854)**	**4,209,995**	**1,254,213**	**-**	**1,254,213**
Reconciliation to carrying amount						
Group's share of net assets/(liabilities)	2,083,896	(8,589)	2,075,307	250,717	-	250,717
Carrying value of loan to associate	1,891,842	492,406	2,384,248	1,150,519	-	1,150,519
Adjustment in respect of unrealised profits on sales from the Group	(78,846)	(22,450)	(101,296)	-	-	-
Exchange differences	(1,245,590)	-	(1,245,590)	(135,427)	-	(135,427)
Goodwill	3,838,395	-	3,838,395	2,113,816	-	2,113,816
Carrying amount	**6,489,697**	**461,367**	**6,951,064**	**3,379,625**	**-**	**3,379,625**
Summarised income statement						
Revenue	**12,888**	**-**	**12,888**	**22,047**	**-**	**22,047**
(Loss)/Profit after tax for period	3,481	(92,852)	(89,371)	5,541	-	5,541
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(loss)	**3,481**	**(92,852)**	**(89,371)**	**(5,541)**	**-**	**(5,541)**
Reconciliation to Group's share of total comprehensive income						
Group's share of total comprehensive income/(loss)	(852)	(18,589)	(19,441)	-	-	-
Group's share of total comprehensive income/(loss)	**(852)**	**(18,589)**	**(19,441)**	**-**	**-**	**-**

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - CONTINUED

COMPANY	2021 €	2020 €
At beginning of financial year	3,379,625	2,229,006
Derecognition of loans	(1,150,619)	-
Investment in shares	2,448,584	-
Loans advanced to associate undertakings	1,790,113	1,150,619
Interest accrued on loans to associate undertakings	54,287	-
Exchange differences	47,442	-
At end of financial year	**6,569,432**	**3,379,625**
Made up as follows:		
Investment in shares in associate undertakings	4,677,590	2,229,006
Loans advanced to associate undertakings	1,891,842	1,150,619
At end of financial year	**6,569,432**	**3,379,625**

b) Investment in joint ventures

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

GROUP	2021 €	2020 €
Synergy Belisce d.o.o.	506,664	-
Synergy Karlovaç d.o.o.	519,437	-
Eqtec Synergy Projects Limited	97,019	-
Interests in joint ventures	**1,123,120**	**-**

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

NAME OF JOINT VENTURE	COUNTRY OF INCORPORATION	SHAREHOLDING		PRINCIPAL ACTIVITY
		2021	2020	
Synery Belisce d.o.o.	Croatia	49%	N/a	Operator of biomass gasification power project
Synergy Karlovaç d.o.o.	Croatia	49%	N/a	Operator of biomass gasification power project
Eqtec Synergy Products Limited	Cyprus	50.1%	N/a	Operator of biomass gasification power project

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - CONTINUED

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 2022.

b) Synergy Karlovaç 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 Karlovaç d.o.o. which resulted in the Group owning 49% of the equity of the joint venture. Synergy Karlovaç d.o.o. has acquired a 1.2 MWe waste-to-energy gasification plant in Karlovaç, 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 2022.

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.

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

	2021 €	2020 €
At the beginning of the year	-	-
Investment in joint ventures	501	-
Fair value retained on disposal of control in subsidiary	490	-
Loans advanced to joint ventures	1,228,909	-
Interest receivable on loans to joint ventures	6,485	-
Share of loss after tax	(4,747)	-
Unrealised profits on sales to joint ventures	(110,182)	-
Exchange differences	1,664	-
Interests in joint ventures	**1,123,120**	**-**
Made up as follows:		
Investment in shares in joint ventures	-	-
Loans advanced to associate ventures	1,237,059	-
Less: Losses recognised under the equity method	(113,939)	-
	1,123,120	**-**

20. 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. (Note: As this is the first year of the operation of the joint ventures, there is no comparative figures).

2021	SYNERGY BELISCE D.O.O. €	SYNERGY KARLOVAÇ D.O.O. €	EQTEC SYNERGY PROJECTS LIMITED €	TOTAL €
Summarised balance sheet (100%)				
Non-current assets	**4,043,271**	**3,128,485**	**-**	**7,171,756**
Current assets				
Cash and Cash equivalents	640	747	10,412	11,799
Other current assets	133,308	123,510	200,499	457,317
	133,948	**124,257**	**210,911**	**469,116**
Non-current liabilities	-	-	-	-
Current liabilities				
Bank overdrafts and loans	555,331	588,987	100,000	1,244,318
Other current liabilities	3,613,016	2,666,235	116,860	6,396,111
	4,168,347	**3,255,222**	**216,860**	**7,640,429**
Net Assets/(Liabilities)	**8,872**	**(2,480)**	**(5,949)**	**443**
Reconciliation to carrying amount				
Group's share of net assets/(liabilities)	4,347	(1,215)	(2,981)	151
Carrying value of loans to joint ventures	551,808	585,251	100,000	1,237,059
Unrealised gains on sales to joint ventures	(45,185)	(64,997)	-	(110,182)
Adjustment arising on loss of control in period	(4,306)	398	-	(3,908)
Carrying amount	**506,664**	**519,437**	**97,019**	**1,123,120**

20. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - CONTINUED

2021	SYNERGY BELISCE D.O.O. €	SYNERGY KARLOVAÇ D.O.O. €	EQTEC SYNERGY PROJECTS LIMITED €	TOTAL €
Summarised income statement (100%)				
Revenue	-	-	-	-
Depreciation	-	-	-	-
Amortisation	-	-	-	-
Interest expenses	-	-	-	-
Taxation	-	-	-	-
Profit/(loss) after tax	(917)	(1,666)	(6,949)	(9,532)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	**(917)**	**(1,666)**	**(6,949)**	**(9,532)**
Reconciliation to Group's share of total comprehensive income				
Group's share of total comprehensive income	(449)	(816)	(3,482)	(4,747)
Group's share of total comprehensive income	**(449)**	**(816)**	**(3,482)**	**(4,747)**

21. FINANCIAL ASSETS

	2021 €	2020 €
Investment in related undertakings		
At beginning of financial year	2,570,888	-
Advance payment on purchase of in shares in Logik WTE Limited	1,034,825	2,570,888
Advance payment on purchase of shares in Shankley Biogas Limited	116,272	-
Exchange differences	328,045	-
At end of financial year	**4,050,030**	**2,570,888**

21. FINANCIAL ASSETS - CONTINUED

Investment in Logik WTE Limited

On 8 December 2020, it was announced that the Company's wholly owned subsidiary, Deeside WTV Limited ("Deeside"), had signed a share purchase agreement ("SPA") with Logik Developments Limited ("Logik") to acquire full ownership of the Deeside Refuse Derived Fuel project ("Project") through the acquisition of Logik WTE Limited ("Project SPV"), a company incorporated in the United Kingdom.

The key terms of the SPA are as follows:

- Initial consideration of €2,570,888 (£2,310,000) of which a deposit amount of €333,882 (£300,000), from which the existing exclusivity payment of £100,000 will be deducted, is payable on the signing of the agreement and the balance of €2,237,006 (£2,010,000) payable on or before 12 months from 8 December 2021 (and which sum shall be netted off the existing debts of Logik WTE Limited);
- Additional deferred conditional consideration of €2,548,630 (£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 the Buyer to Logik Developments Limited, which gives Logik Developments Limited the right to 5% of distributable profits in Deeside WTV Limited. This share carries no voting rights in Deeside WTV Limited.
- An additional development premium or overage payment, subject to a maximum further amount of €6.01 million (£5.4 million), calculated in accordance with an agreed formula payable on the achievement of each of the following:
  - 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").
  - 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").

On 6 December 2021, the Company announced that Deeside has signed a binding supplemental agreement (the "Agreement") with Logik. The Agreement, inter alia, set out the terms on which the parties have agreed to vary the terms of the existing SPA signed by Logik and Deeside (together, the "Parties"), as announced on 8 December 2020 pursuant to which Deeside agreed to acquire full ownership of the Project SPV from Logik. Through the new Agreement the Parties will now act in partnership and seek to develop additional waste-to-value infrastructure on the Deeside site.

The key terms of the Agreement were as follows:

- Deeside will acquire 32% of the share capital of the Project SPV, the entity which holds the land and necessary planning permissions for the Project, from Logik for a consideration of £3.3 million to be paid no later than 31 March 2022. Deeside can select to make this payment from its existing cash resources or investment raised directly at the Project SPV level;
- Under the Agreement, £500k was paid as a fee to Logik. The Parties have agreed that this payment will be converted to equity in the Project SPV by 31 March 2022;
- The Project site currently comprises 6.27 hectares of land located off Weighbridge Road in the Deeside Industrial Estate. Under the new Agreement, the Parties have agreed that c. 2.4 hectares of the land will be retained by Logik to be used in connection with the proposed hydrogen/biofuel project intended to be carried out jointly between the parties;
- The new Agreement removes any overage payments, deferred consideration and fixed dividend sum due to Logik in the SPA, since the Parties intend that their relationship going forward be that of joint venture partners, rather than seller and buyer; and
- The Parties are seeking a minimum of £10 million of third-party funding in order to bring the Project to Financial Close. Following receipt of such funding, EQTEC will invoice £1,500,000 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 £10 million), subject to certain conditions to be finalised and agreed with third-party funders.

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 2021.

In these financial statements the full initial consideration of €3,930,911 (£3,300,000) (2020: €2,570,888 (£2,310,000)) has been recognised as an investment in a related undertaking and the balance of consideration payable of €2,977,963 (£2,500,000) (2020: €2,237,006 (£2,010,000)) has been recognised as a payable in other payables (see Note 31).

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").

The key terms of the SPA-Southport were as follows:

- Initial consideration of £382,000 (€444,161) from which the existing exclusivity payment of £100,000 was deducted, payable on the achievement of certain conditions precedent related to development milestones of the Southport Project on or before a date 12 months from the date of signing of the SPA-Southport;

21. FINANCIAL ASSETS - CONTINUED

- One of the conditions precedent is that EQTEC is granted a lease in relation to the Southport Project sufficient for the development and operation of the Southport Project and on terms generally acceptable to Southport and any funder (in their entire discretion); and
- The issue of a fixed dividend share in Southport to Rotunda, which gives Rotunda the right to 20% of distributable profits in Southport. This share carries no voting rights or entitlement to dividends in EQTEC.

Contracts have been exchanged but completion as defined in SPA-Southport had not occurred at the year-end, and as a result Shankley Biogas Limited is not considered a subsidiary undertaking of the Group at 31 December 2021.

In these financial statements the exclusivity payment of €119,119 (£100,000) has been recognised as an investment in a related undertaking and the balance of consideration payable of €335,914 (£282,000) has classified as a commitment (see Note 39).

22. OTHER FINANCIAL INVESTMENTS

GROUP	2021 €	2020 €
Financial investments at amortised cost		
Bonds and Debentures	402,644	402,644
Less: Provision against investment in Bonds	(402,644)	(402,644)
Investment in Shares	1,832	1,832
Other investments	15,418	15,418
Less: Provisions against other investments	(17,250)	(17,250)
	-	-
Financial investments at fair value through profit or loss (FVTPL)		
Investment in Metal NRG plc	506,976	-
Total	**506,976**	**-**

COMPANY	2021 €	2020 €
Financial investments at fair value through profit or loss (FVTPL)		
Investment in Metal NRG plc	506,976	-
Total	**506,976**	**-**

22. OTHER FINANCIAL INVESTMENTS - CONTINUED

Financial assets at FVTPL include the equity investment in Metal NRG plc which was financed through the exchange of shares in the Company. The Group and the Company accounts for the investment in Metal NRG plc at FVTPL and did not make the irrevocable election to account for it at FVOCI. As at 31 December 2021, the fair value of the Group's interest in Metal NRG plc, which is listed on the London Stock Exchange, was €506,976 (2020: Not applicable) 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:

	2021 €	2020 €
At beginning of financial year	-	-
Acquired via the exchange of shares in EQTEC plc	745,161	-
Movement in fair value	(250,378)	-
Exchange differences	12,193	-
At end of financial year	**506,976**	**-**

23. 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 €24.4 million at 31 December 2021 (2020: €21.5 million).

24. DEVELOPMENT ASSETS

GROUP	2021 €	2020 €
Costs associated with project development	3,455,496	503,653
Loan receivable from project development undertakings	3,000,469	482,537

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 2021, €Nil (2020: €Nil) of development assets was included in consolidated statement of profit or loss as an expense and €5,498 (2020: €Nil) was impaired resulting from write down of development assets.

Included in loans receivable from project development undertakings is an amount of €550,000, (2020: €200,000) which is receivable, along with accrued interest, 18 months from the date of drawdown. Interest is charged at 15% per annum. At 31 December 2021, the loan is valued at €613,678 (2020: €213,297).

24. DEVELOPMENT ASSETS - CONTINUED

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

COMPANY	2021 €	2020 €
Costs associated with project development	305,553	9,275
Loan receivable from project development undertakings	613,678	243,598

Included in loans receivable from project development undertakings is an amount of €550,000, (2020: €200,000) which is receivable, along with accrued interest, 18 months from the date of drawdown. Interest is charged at 15% per annum. At 31 December 2021, the loan is valued at €613,678 (2020: €213,297).

25. TRADE AND OTHER RECEIVABLES

GROUP	2021 €	2020 €
Trade receivables gross	5,268,923	638,602
Allowance for credit losses	(475,687)	(475,687)
Trade receivables net	**4,793,236**	**162,915**
VAT receivable	903,069	172,405
Deferred consideration for the disposal of Pluckanes Windfarm (see Note 33)	133,034	120,424
Advances to related undertakings	60,000	60,000
Allowance for credit losses	(60,000)	(60,000)
Prepayments	133,344	133,403
Amounts receivable from associate companies	27,508	-
Deposit payment on land (See below)	309,708	-
Corporation tax	381	6,841
Payments on account to suppliers	355,267	120,798
Other receivables	221,200	177,745
	6,876,747	**894,531**

The option payment 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.

25. TRADE AND OTHER RECEIVABLES - CONTINUED

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.

	2021 €	2020 €
Within terms	4,649,704	10,579
Past due more than one month but less than two months	2,876	149,925
Past due more than two months	616,343	478,098
	5,268,923	**638,602**

Included in the Group's trade receivables balance are debtors with carrying amount of €140,656 (2020: €2,411) 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 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 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, with the exception of €Nil (2020: €4,754) are considered recoverable.

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:

	2021 €	2020 €
Ireland	72,919	30,000
Spain	4,007,695	608,602
Croatia	1,188,309	-
	5,268,923	**638,602**

The aged analysis of other receivables is within terms.

25. TRADE AND OTHER RECEIVABLES - CONTINUED

The closing balance of the trade receivables loss allowance as at 31 December 2021 reconciles with the trade receivables loss allowance opening balance as follows:

	€
Opening loss allowance as at 1 January 2020	475,687
Loss allowance recognised during the financial year	-
Loss allowance as at 31 December 2020	**475,687**
Loss allowance recognised during the financial year	-
Loss allowance as at 31 December 2021	**475,687**

The closing balance of the advances to related undertakings loss allowance as at 31 December 2021 reconciles with the advances to related undertakings loss allowance opening balance as follows:

	€
Opening loss allowance as at 1 January 2020	60,000
Loss allowance recognised during the financial year	-
Loss allowance as at 31 December 2020	**60,000**
Loss allowance recognised during the financial year	-
Loss allowance as at 31 December 2021	**60,000**

25. TRADE AND OTHER RECEIVABLES - CONTINUED

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

COMPANY	2021 €	2020 €
Amounts due from subsidiary undertakings	14,091,925	2,567,624
Allowance for impairment of balances	-	-
	14,091,925	**2,567,624**
Trade receivables	353,219	30,000
Allowance for credit losses	(30,000)	(30,000)
Advances to related undertakings	60,000	60,000
Allowance for credit losses	(60,000)	(60,000)
Prepayments	87,567	124,582
Corporation Tax	96	96
VAT Receivable	2,281	8,429
Other receivables	2,760	2,760
	14,507,848	**2,703,491**

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 2021 reconciles with the trade receivables loss allowance opening balance as follows:

	€
Opening loss allowance as at 1 January 2020	30,000
Loss allowance recognised during the financial year	-
Loss allowance as at 31 December 2020	**30,000**
Loss allowance recognised during the financial year	-
Loss allowance as at 31 December 2021	**30,000**

25. TRADE AND OTHER RECEIVABLES - CONTINUED

The closing balance of the advances to related undertakings loss allowance as at 31 December 2021 reconciles with the advances to related undertakings loss allowance opening balance as follows:

	€
Opening loss allowance as at 1 January 2020	60,000
Loss allowance recognised during the financial year	-
Loss allowance as at 31 December 2020	**60,000**
Loss allowance recognised during the financial year	-
Loss allowance as at 31 December 2021	**60,000**

26. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and bank overdrafts. 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:

	2021 €	2020 €
Group		
Cash and bank balances	6,446,217	6,394,791
Bank overdrafts (Note 29)	-	(124,210)
Sub-total	6,446,217	6,270,581
Cash and cash equivalents included in a disposal group held for resale (Note 32)	-	-
	6,446,217	**6,270,581**
Company		
Cash and bank balances	4,845,633	6,111,864
Bank overdrafts (Note 29)	-	-
	4,845,633	**6,111,864**

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

27. EQUITY

SHARE CAPITAL	AUTHORISED NUMBER	ALLOTTED AND CALLED UP NUMBER	AUTHORISED €	ALLOTTED AND CALLED UP €
At 31 December 2020				
Ordinary shares of €0.001 each	12,561,091,094	6,977,439,598	12,561,091	6,977,439
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	**24,355,545**
At 31 December 2021				
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**

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 €1,470,868 (2020: €639,931).

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.

27. EQUITY- CONTINUED

Movements in the financial year to 31 December 2021

	2021	2020
Amounts of shares		
Ordinary Shares of €0.001 each issued and fully paid		
- Beginning of the financial year	6,977,439,598	3,939,376,266
- Issued on exercise of warrants	335,657,692	436,400,000
- Issued in lieu of borrowings and settlement of payables	167,728,038	379,441,112
- Issued in exchange for financial instruments	51,532,961	-
- Share issue placement	1,066,666,656	2,222,222,220
Total Ordinary shares of €0.001 each authorised, issued and fully paid at the end of the financial year	**8,599,024,945**	**6,977,439,598**

Share warrants and options

As at 31 December 2021 the Company had 554,355,338 share warrants and options outstanding (2020: 866,968,027).

NO OF WARRANTS/OPTIONS	EXERCISE PRICE (PENCE)	FINAL EXERCISE DATE
1,533,505	5.53	05/02/2022
38,450,000	10.0	15/07/2022
424,022,288	0.25	31/03/2023
67,304,542	0.65	30/06/2024
23,045,003	0.01	31/01/2032
554,355,338		

27. EQUITY- CONTINUED

Details of warrants granted

	LTIP 2021 OPTIONS		PLACING WARRANTS		EMPLOYEE WARRANTS		EMPLOYEE OPTIONS		ADVISOR WARRANTS	
	NUMBER	EXERCISE PRICE (PENCE)	NUMBER	EXERCISE PRICE (PENCE)	NUMBER	EXERCISE PRICE (PENCE)	NUMBER	EXERCISE PRICE (PENCE)	NUMBER	EXERCISE PRICE (PENCE)
At 1 January 2021	-	-	138,000,000	0.25	590,906,437	0.25	67,304,542	-	30,773,543	0.33
Issued in year	23,045,003	0.01	-	-	-	-	-	-	-	-
Cancelled or expired in year	-	-	-	-	-	-	-	-	-	-
Exercised in year	-	-	138,000,000	0.25	166,884,149	-	-	-	30,773,543	0.33
At 31 December 2021	23,045,003	0.01	-	-	424,022,288	0.25	67,304,542	0.65	-	-
Exercisable at 31 December 2021	-	-	-	-	424,022,288	0.25	67,304,542	0.65	-	-
Average life remaining at 31 December 2021	10.08 years	-	-	-	1.25 years	-	2.58 years	-	-	-

	ADVISOR WARRANTS		ADVISOR WARRANTS	
	NUMBER	EXERCISE PRICE (PENCE)	NUMBER	EXERCISE PRICE (PENCE)
At 1 January 2021 and 31 December 2021	1,533,505	5.53	38,450,000	10.0
Exercisable at 31 December 2021	1,533,505	5.53	38,450,000	10.0
Average life remaining at 31 December 2021	0.08 years		0.54 years	

Advisor warrants totalling 1,533,505 lapsed post year end leaving a Nil balance.

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.

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 2021 share allocation would vest in three equal instalments on 1 May 2022, 1 May 2023 and 1 May 2024, 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 €205,648 and €1,819,658 related to equity-settled share-based payment transactions in 2021 and 2020 respectively (see Notes 10 and 11).

28. NON-CONTROLLING INTERESTS

	2021 €	2020 €
Balance at beginning of financial year	(2,223,986)	(2,326,274)
Share of profit/(loss) for the financial year	68	(5,082)
Release of non-controlling interest	-	15,978
Unrealised foreign exchange (losses)/gains	(160,271)	91,392
Balance at end of financial year	**(2,384,189)**	**(2,223,986)**

29. BORROWINGS

GROUP	2021 €	2020 €
Current liabilities		
At amortised cost		
Bank overdrafts	-	124,210
Secured loan facility (SLF)	-	896,641
	-	**1,020,851**

COMPANY	2021 €	2020 €
Current liabilities		
At amortised cost		
Secured loan facility (SLF)	-	896,641
	-	**896,641**

Borrowings at amortised cost
The secured loan facility (SLF) was secured through an intercreditor deed by mortgage debentures, cross guarantees and share pledges over the Group. The interest rate on the loan is fixed at 10% (2020: 12.5%) and the loan was due to mature on 30 June 2021. On 4 January 2021, the SLF was repaid early using funds from a separate facility (see below). Included in the repayment was an early redemption fee of €466,929.

On 4 January 2021 the Company agreed an unsecured term loan facility of €1.39 million (£1.25 million) (ULF) with Altair Group Investment Limited, a substantial shareholder in the Company.

The ULF is for a term of 12 months and the principal and any accrued interest are repayable in full on 31 December 2021 but the Company can repay the ULF early without penalty. The ULF is unsecured and has a coupon of 6% per annum, payable quarterly in arrears. The ULF was used to pay all sums due under the SLF releasing and discharging any secured assets and obligations under the SLF.

On 1 March 2021, the Company repaid £285,000 of the ULF and the balance of principal plus accrued interest was settled on 2 June 2021.

29. BORROWINGS - CONTINUED

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 29.

	CSLN €	SLF €	OTHER LOANS €	BANK BORROW-INGS €	BANK OVER-DRAFT €	LEASE LIABILI-TIES (NOTE 30) €	TOTAL €
Balance at 1 January 2020	1,008,017	1,418,028	5,691	313,953	-	274,434	3,020,123
Financing Cash Flows							
Proceeds from borrowings	-	-	-	107,000	-	-	107,000
Repayment of borrowings	-	(852,567)	-	(420,953)	-	(89,828)	(1,363,348)
Change in bank overdraft	-	-	-	-	124,210	-	124,210
Loan issue costs	(11,489)	(19,455)	-	-	-	-	(30,944)
Total from financing cash flows	**(11,489)**	**(872,022)**	**-**	**(313,953)**	**124,210**	**(89,828)**	**(1,163,082)**
Non-cash changes							
Conversion into equity	(1,165,809)	-	-	-	-	-	(1,165,809)
Effect of changes in foreign exchange rates	(72,470)	(82,502)	-	-	-	-	(154,972)
Amortisation of loan issue costs	50,022	89,921	-	-	-	-	139,943
Reprofiling fee levied	104,989	157,341	-	-	-	-	262,330
Redemption fee levied	-	50,149	-	-	-	-	50,149
Other changes	86,740	135,726	(5,691)	-	-	7,101	223,876
Total non-cash changes	**(996,528)**	**350,635**	**(5,691)**	**-**	**-**	**7,101**	**(644,483)**
Balance at 31 December 2020	**-**	**896,641**	**-**	**-**	**124,210**	**191,707**	**1,212,558**

Other changes include interest accruals and payments.

29. BORROWINGS - CONTINUED

	ULF €	SLF €	BANK OVERDRAFT €	LEASE LIABILITIES (NOTE 30) €	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	(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. LEASES

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

GROUP	2021 €	2020 €
Current	200,853	85,242
Non-current	56,855	106,465
	257,708	**191,707**

30. LEASES - CONTINUED

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 17).

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.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized 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	1.33 years	1.29 years	0	0	0	0

The lease liabilities are secured by the related underlying asset. Further minimum lease payments at 31 December 2021 were as follows:

	WITHIN 1 YEAR €	1-2 YEARS €	2-3 YEARS €	3-4 YEARS €	4-5 YEARS €	AFTER 5 YEARS €	TOTAL €
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**
2020							
Lease payments	89,828	89,828	18,714	-	-	-	198,370
Finance charges	(4,586)	(1,993)	(84)	-	-	-	(6,663)
Net Present Values	**85,242**	**87,835**	**18,630**	**-**	**-**	**-**	**191,707**

30. LEASES - CONTINUED

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:

	2021 €	2020 €
Short term leases	29,053	37,406
Leases of low-value assets	12,566	14,594
	41,619	**52,000**

At 31 December 2021, the Group was committed to short-term leases and the total commitment at that date was €17,472 (2020: €53,287).

Total cash outflow for lease liabilities for the financial year ended 31 December 2021 was €165,208 (2020: €89,828).

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

	CARRYING AMOUNT (NOTE 17) €	DEPRECIATION EXPENSE €	IMPAIRMENT €
Leasehold Buildings	254,104	156,520	-
Total Right-of-use assets	**254,104**	**156,520**	**-**

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.

31. TRADE AND OTHER PAYABLES

GROUP	2021 €	2020 €
VAT payable	220,167	-
Trade payables	2,526,017	146,091
Advances paid by customers	400,000	-
Other payables	2,986,084	2,243,257
Accruals	680,938	716,473
PAYE & social welfare	108,600	78,158
	6,921,806	**3,183,979**

31. TRADE AND OTHER PAYABLES - CONTINUED

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 €2,977,963 (£2,500,000) (2020:€2,237,006 (£2,010,000)) relating to consideration payable under the share purchase contract to acquire Logik WTE Limited (see Note 21).

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

COMPANY	2021 €	2020 €
Trade payables	89,669	91,390
Other creditors	2,840	1,250
Amounts payable to subsidiary undertakings	2	3
PAYE & social welfare	16,604	12,022
Accruals	381,941	642,908
	491,056	**747,573**

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

Trade and other creditors are payable at various dates in accordance with the suppliers' usual and customary credit terms.

Corporation tax and other taxes including social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

32. DISPOSAL GROUP CLASSIFIED AS HELD FOR RESALE AND DISCONTINUED OPERATIONS

In 2017, the Group made the decision to sell 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. 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 consolidated statement of profit or loss.

On 24 August 2020, the Group announced that it had entered into a sales purchase agreement to dispose of its shares in Pluckanes Windfarm Limited on a debt free/cash free basis. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 33.

32. DISPOSAL GROUP CLASSIFIED AS HELD FOR RESALE AND DISCONTINUED OPERATIONS - CONTINUED

The combined results of the discontinued operations included in the loss for the financial year are set out below.

	PERIOD ENDED 24 AUGUST 2020 €
Profit for the financial year from discontinued operations	
Revenue (Note 8)	135,644
Cost of sales	(663)
	134,981
Administrative Expenses	(91,233)
Operating Profit	**43,748**
Finance Costs (Note 11)	(18,381)
Finance Income (Note 11)	3
Profit from discontinued operations before tax	**25,370**
Tax Expenses	-
Profit for the financial period from discontinued operations (attributable to owners of the Company)	**25,370**
Profit after tax on disposal of subsidiary (Note 33)	45,714
Profit for the financial period from discontinued operations	**71,084**

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

	PERIOD ENDED 24 AUGUST 2020 €
Cash flows from discontinued operations	
Operating activities	(47,741)
Investing activities	(19,997)
Financing activities	(63,196)
Net cash flows used in discontinued operations	**(130,934)**

32. DISPOSAL GROUP CLASSIFIED AS HELD FOR RESALE AND DISCONTINUED OPERATIONS - CONTINUED

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

	2021 €	2020 €
Assets classified as held for resale		
Non-current assets:		
Property, plant and equipment	-	-
Current assets:		
Trade and other receivables	-	-
Cash and cash equivalents (Note 26)	-	-
Assets classified as held for resale	-	-
Liabilities classified as held for resale		
Current liabilities:		
Borrowings	-	-
Trade and other payables	-	-
Liabilities classified as held for resale	-	-

33. DISPOSAL OF SUBSIDIARY

As referred to in Note 32 on 24 August 2020, the Group disposed of its interest in Pluckanes Windfarm Limited.

The net assets of Pluckanes Windfarm Limited at the date of disposal were as follows:

	24 AUGUST 2020 €
Property, Plant & Equipment	969,035
Financial non-current assets	20,000
Trade and other receivables	22,622
Trade and other payables	(8,740)
Bank overdraft	(5,132)
Bank borrowings	(778,765)
Net assets disposed of	**219,020**
Selling expenses	65,261
Gain on disposal	45,714
Total consideration	**329,995**
Satisfied by	
Cash and cash equivalents	213,503
Fair value of deferred consideration	116,492
	329,995
Net cash inflow arising on disposal	
Consideration received in cash and cash equivalents	213,503
Add: negative cash equivalents disposed of	5,132
	218,635

33. DISPOSAL OF SUBSIDIARY - CONTINUED

Per the sales purchase agreement, €170,000 is being deferred and held in escrow subject to the following conditions:

(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.

If all three conditions are satisfied on or before the first anniversary of the date of planning application (as set out in condition

(i) (above) then the total deferred consideration of €170,000 shall become immediately due and payable to the Group. The deferred consideration will reduce to:

(a) €159,000 if the planning extension is obtained between 12 and 18 months from the date of planning application; and

(b) €152,000 if the planning extension is obtained between 18 and 24 months from the date of planning application.

In the event that the conditions listed above are not obtained within 24 months from the date of planning application, the entire deferred consideration element will fall away.

The fair value of the deferred consideration was calculated as €116,492 on the date of disposal. At 31 December 2021, the fair value of the deferred consideration was valued at €133,034 (31 December 2020: €120,424) and is included in trade and other receivables (See Note 25).

The impact of Pluckanes Windfarm Limited on the Group's results in the current and prior years is disclosed in Note 32.

The gain on disposal was included in the profit for the year from discontinued operations (see Note 32).

34. RELATED PARTY TRANSACTIONS

The Group's related parties include Altair Group Investment Limited ("Altair"),who at 31 December 2021 held 19.00% (2020: 19.66%) 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 2021, Altair advanced €1,391,174 (2020: €Nil) to the Group by way of borrowings. During the financial year ended 31 December 2021, the Group repaid borrowings of €1,479,764 (2020: €1,175,839 by way of conversion into equity) by way of conversion into equity. Interest payable to Altair for the financial year ended 31 December 2021 amounted to €28,571 (2020: €170,084); this includes a reprofiling fee of €Nil (2020: €106,321) with respect to the reprofiling of the debt.

Included in borrowings, net of amortisation costs, at 31 December 2021 is an amount of €Nil (2020: €Nil) due to Altair from the Group.

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 CONTRI-BUTION €'000s	OTHER BENE-FITS €'000s	TERMI-NATION PAY-MENTS €000's	SHORT TERM INCEN-TIVES €000's	LONG TERM INCEN-TIVES €000's	2021 TOTAL €	2020 TOTAL €
Executive Directors										
D Palumbo		174	-	9	2	-	105	-	290	565
J Vander Linden	Appointed 01/12/2020	174	-	10	4	-	105	61	354	14
N Babar	Appointed 19/07/2021	70	-	4	1	-	42	25	142	-
Y Alemán		154	-	-	-	-	90	-	244	383
Former Executive Directors										
G Madden	Retired 15/07/2021	159	-	-	14	241	-	-	414	947
Non-Executive Directors										
I Pearson		-	69	-	-	-	-	-	69	68
T Quigley		-	42	-	-	-	-	-	42	69
Total 2021		**731**	**111**	**23**	**21**	**241**	**342**	**86**	**1,555**	**-**
Total 2020		409	486	-	24	-	-	1,127	-	2,046

At 31 December 2021, directors' remuneration unpaid (including past directors) amounted to €341,812 (31 December 2020: €260,875).

34. RELATED PARTY TRANSACTIONS - CONTINUED

Prior to becoming a director, Mr D Palumbo provided advisory services to the Company. The cost of these services amounted to €Nil (2020: €103,201) for the financial year ended 31 December 2021. In addition, a company controlled by Mr. Palumbo provided office space to the Group in London. The cost of these services amounted to €12,566 (2020: €21,843). At 31 December 2021, an amount of €Nil is included in trade and other payable with respect to payments due to this company (2020: €3,172).

Prior to becoming a director, Mr J Vander Linden provided advisory services to the Company. The cost of these services amounted to €Nil (2020: €144,148) for the financial year ended 31 December 2021. At 31 December 2021, an amount of €Nil is included in trade and other payable with respect to payments due to this company (2020: €63,883). This balance was settled through the issue of new ordinary shares of €0.001 each in the capital of the Company on 1 February 2021.

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, 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, a director, Mr. T Quigley, provided consultancy services to the Group in the year ended 31 December 2021 amounting to €11,543 (2020: €Nil). Included in trade and other payables is an amount of €Nil (2020: €Nil) with respect to these services.

During the year ended 31 December 2021 a director, Mr I Pearson provided consultancy services to the Group to the value of €116,261 (2020: €Nil) for which he received 6,666,666 in shares. Included in trade and other payables at 31 December 2021 is an amount of €Nil (31 December 2020: €Nil) with respect to payments due to these services.

During the year, 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 (2020: loss of €128,900).

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.

Transactions with associate undertakings and joint ventures

The following transactions were made with associate undertakings and joint ventures in the year ended 31 December 2021:

	NORTH FORK COMMUNITY POWER LLC		SYNERGY BELISCE D.O.O.		SYNERGY KARLOVAČ D.O.O.		EQTEC ITALIA MDC SRL		EQTEC SYNERGY PROJECTS LIMITED		TOTAL	
	2021 €	2020 €	2021 €	2020 €	2021 €	2020 €	2021 €	2020 €	2021 €	2020 €	2021 €	2020 €
Loans to associated undertakings and joint ventures												
At start of year	1,150,619	-	-	-	-	-	-	-	-	-	1,150,619	-
Advanced during year	1,790,113	1,150,619	547,853	-	581,056	-	482,000	-	100,000	-	3,501,022	1,150,619
Loans derecognised	(1,150,619)	-	-	-	-	-	-	-	-	-	(1,150,619)	-
Interest charged in year	54,287	-	3,147	-	3,338	-	10,406	-	-	-	71,178	-
Exchange differences	47,442	-	808	-	857	-	-	-	-	-	49,107	-
At end of year	**1,891,842**	**1,150,619**	**551,808**	**-**	**585,251**	**-**	**492,406**	**-**	**100,000**	**-**	**3,621,307**	**1,150,619**
Sales of goods and services												
Technology sales	2,158,118	1,980,000	1,237,500	-	1,540,000	-	1,000,000	-	-	-	5,935,618	1,980,000
Development fees	-	-	599,607	-	549,647	-	-	-	-	-	1,149,254	-
	2,158,118	**1,980,000**	**1,837,107**	**-**	**2,089,647**	**-**	**1,000,000**	**-**	**-**	**-**	**7,084,872**	**1,980,000**

34. RELATED PARTY TRANSACTIONS - CONTINUED

	NORTH FORK COMMUNITY POWER LLC		SYNERGY BELISCE D.O.O.		SYNERGY KARLOVAČ D.O.O.		EQTEC ITALIA MDC SRL		EQTEC SYNERGY PROJECTS LIMITED		TOTAL	
	2021 €	2020 €	2021 €	2020 €	2021 €	2020 €	2021 €	2020 €	2021 €	2020 €	2021 €	2020 €
Year-end balances												
Included in trade receivables	34,900	-	1,962,925	-	2,202,884	-	42,919	-	-	-	4,243,628	-
Included in loans to development companies	-	30,201	-	-	-	-	-	-	-	-	-	30,201
Included in other receivables	-	-	-	-	12,452	-	100	-	14,956	-	27,508	-
	34,900	**30,201**	**1,962,925**	**-**	**2,215,336**	**-**	**43,019**	**-**	**14,956**	**-**	**4,271,136**	**30,201**

35. EVENTS AFTER THE BALANCE SHEET DATE

Variation to Land Purchase Agreement

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 on 24 February 2022, with an additional payment of £500,000 to be paid on or before 30 September 2022 to Scott Bros, the sellers. These two payments will be deducted from the total purchase price along with the previously paid deposit. The balance of £7,590,000 is payable at completion of the land purchase, which must occur on or before 23 December 2022. In addition, the Group paid a further fee of £250,000 as consideration for the Variation to Scott Bros on 24 February 2022.

Loan Facility

On 29 March 2022, the Group announced that it had entered into a loan agreement with Riverfort Global Opportunities PCC Limited and YA II PN, Ltd (together, the "Lenders") for the provision of an unsecured loan facility of up to £10 million. The Loan Facility may be drawn down in multiple instalments with the Initial Advance being received on 29 March 2022.

Each instalment of the Loan Facility will have a maturity date of 12 months from the date of advance with repayments of principal made on a monthly basis, as set out in a closing statement to be agreed at the time of each advance. The Loan Facility will accrue a fixed interest coupon equivalent to 7.5% of the Initial Advance and of any further advance, payable on a quarterly basis.

Instalments of the Loan Facility subsequent to the Initial Advance are not committed and would only be advanced to the Company in the event that the Lenders and the Company agree in writing and upon the satisfaction of certain conditions precedent. The Loan Agreement has a commitment period of 18 months.

The Company and the Lenders may mutually agree that the Company satisfies any payment of the amounts due under the Loan Agreement by the issue of ordinary shares of €0.001 each in the capital of the Company ("Ordinary Shares") at a reference price of the average daily VWAP for each of the five consecutive trading days preceding the drawdown date of of each advance of the Facility (the "Reference Price"). If such settlement is agreed by the parties, the value of Ordinary Shares the Lenders will receive at the Reference Price will be 115% of the amount of the Loan Facility being settled in lieu of repayment of the debt.

The Company may elect to redeem the Loan Facility early by repaying all outstanding principal and interest together with an early repayment fee of 5% of the outstanding principal at the date of repayment. If the Company elects to repay the Loan Facility early, the Lenders may elect to subscribe up to 20% of the outstanding amount in Ordinary Shares, at the Reference Price. In addition, if the Company completes an equity placing whilst the facility is in place, the Lenders may elect to convert up to 20% of the outstanding amount of the Facility into Ordinary Shares in the

35. EVENTS AFTER THE BALANCE SHEET DATE - CONTINUED

Company at the price at which such shares are issued pursuant to the placing and multiplying the resulting number by 1.1.

The Company received net approximately £4,750,000 from the Initial Advance following the deduction of a commitment fee of 2.5% of the aggregate amount of the Loan Facility, being £10 million. The Company will use the proceeds of the Loan Facility to fund further growth and development activities in its key markets, and for general working capital purposes.

Deeside RDF Project Update

On 1 April 2022, the Group announced that its wholly owned subsidiary, Deeside WTV Limited ("Deeside WTV") had signed a binding supplemental agreement (the "Supplemental Agreement") with Logik Developments Limited ("Logik"). The Supplemental Agreement, inter alia, sets out the terms on which Logik and Deeside WTV (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 are as follows:

- Deeside WTV will 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 WTV'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 as summarised in this announcement, including to amend the terms of the Existing SPA and to finalise other necessary documentation such as a shareholders' agreement for the Project SPV.

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:

	2021 €	2020 €
Issue of shares in settlement of borrowings and other liabilities	3,452,741	1,915,693
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 2021 was €3,942,601 (2020: €3,270,895).

38. CONTINGENT LIABILITIES

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 Californian court on 9 July 2021 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.

On 22 March 2021 the Company announced the Aries had withdrawn its patent infringement complaint. The joint stipulation that the action be voluntarily dismissed with prejudice was filed in the United States District Court Eastern District of California on 19 March 2021 and operates as a final determination on the merits of the case, forbidding Aries from filing another lawsuit on the same grounds.

39. COMMITMENTS

As disclosed in Note 21, consideration of €335,914 (£282,000) will become payable on the achievement of certain conditions precedent related to development milestones of the Southport Project on or before a date 12 months from the date of signing of the Share Purchase Agreement (i.e. 27 September 2022) to acquire full ownership of the Southport Hybrid Energy Park project through the acquisition of Shankley Biogas Limited.

40. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 22 April 2022.

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