EQTEC plc

2019 Annual Report

Financial Year ended 31 December 2019

Registered Number: 462861

Contents

Directors and Advisers

Directors	Ian Pearson – *Non-Executive Chairman*
	David Palumbo – *Chief Executive Officer*
	Gerry Madden – *Finance Director and Company Secretary*
	Dr. Yoel Aleman – *Chief Technical Officer*
	Thomas Quigley – *Non-Executive Director*
Registered Office	Building 1000, City Gate, Mahon, Cork T12 W7CV, Ireland
Nominated Adviser	Strand Hanson Limited, 26 Mount Row, Mayfair, London W1K 3SQ, UK
Broker	SI Capital Limited, 46 Bridge Street, Godalming, Surrey GU7 1HL, UK
Legal Advisors	McEvoy Corporate Law, 22 Fitzwilliam Place, Dublin 2, D02 R802, Ireland
	Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT, UK
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The Company is incorporated in Ireland registered number 462861

Chairman's Statement

I am very pleased to introduce EQTEC Group's Final Results for 2019.

As we all struggle to look beyond the uncertainty caused by the COVID-19 crisis it is especially important in my view to recognise that in any 'new normal' world there will be a growing need to reduce and eliminate waste and produce clean energy. We have already seen governments developing national green economy plans and many are looking to strengthen these as a way of rebuilding growth in their countries. More will undoubtedly do so as they look again towards delivering on the Paris Agreement and their carbon reduction commitments.

EQTEC's purpose as a company – to help the world reduce waste and generate green energy – is about making a sustainable contribution to delivering on this agenda while at the same time as a publicly quoted company delivering returns for our investors in this growing market.

The strengths of the Group particularly lie in its technology, employees and partnerships, and in its relatively low-risk business model. During the year we worked hard to develop further capabilities in all these areas. We also spent important time as a board and executive team refining the company's strategy and its focus on key target markets or verticals, as David explains in his CEO report.

This is our second year of reporting since the acquisition of the business of Eqtec Iberia, its intellectual property and its world leading Advanced Gasification Technology. We are a now a completely focused waste-to-value company, using our proven proprietary Advanced Gasification Technology to generate safe, green energy from over 50 different kinds of feedstock such as municipal, agricultural and industrial waste, biomass, and plastics.

We collaborate with waste operators, developers, technologists, Engineering, Procurement and Construction (EPC) contractors and capital providers to build sustainable waste elimination and green energy infrastructure. Our revenue comes from licensing and selling our technology, supplying gasification reactors and equipment, and engineering and design services using our unique expertise. We also expect to receive equity returns from projects in which we invest. Our strategy is to create a collaborative ecosystem within the waste-to-value sector through entering into strategic relationships whereby waste operators, developers, technologists, EPC contractors and capital providers collaborate to build sustainable waste elimination and clean energy infrastructure projects.

We were recently proud to be awarded the Green Economy Mark by the London Stock Exchange, and believe we are a good investment opportunity for impact investors who want to generate a measurable environmental impact alongside the potential for financial returns. We want to encourage more long-term impact investors to help us to grow faster and do more to help eliminate waste and generate green energy.

Encouragingly, we saw demand for our Advanced Gasification Technology in a number of markets trending significantly upwards during the year and the Group entered 2020 with its strongest pipeline of customer positions and prospects for a number of years as it continues to move towards sustained profitability.

Supported by the rest of the board our executive management team responded early to the Governmental advice issued on COVID-19, switching rapidly to working from home in Ireland, Spain and the UK so as to safeguard our people, their families and our other stakeholders. Our team have adapted well. People have successfully transitioned to working from home, with little disruption. We have experienced no reduction in our design and engineering capability, and the delivery of these services to any of our projects. We have utilised video conferencing in order to mitigate the loss of physical presence with existing and potential new clients. I would like to thank everyone for their dedication and resilience through this difficult period and also our clients for their support in facilitating the move to remote working.

In terms of the future outlook, while the overall impact from Covid-19 remains uncertain despite the current challenging circumstances, we appear to be maintaining momentum following an increase in commercial enquires and the addition of strategic partnerships in our core geographies. We are continuing to advance our commercial pipeline in the US, and more recently in Greece, as well as advancing discussions with parties that have expressed interest in EQTEC becoming their advanced gasification technology partner.

The Group has a strong management team in place and has consistently demonstrated that it can adapt and respond quickly to changing financial and market conditions. The Board remains confident in its strategy and believes that the Group is well positioned to benefit from the growth of the global waste to value market.

Ian Pearson
Non-Executive Chairman
12 June 2020

Chief Executive's Report

This is my first report as Chief Executive, having been appointed in September 2019. I firmly believe in the potential of the Group's unique and highly compelling Advance Gasification Technology and the ability of a very experienced team of people to ensure that the opportunity from its portfolio of projects will be maximised.

Since my appointment my focus has been on establishing a strong foundation for growth, focusing on increasing sales from a lean organisation, continuing to optimise the capital structure of the Company and establishing new funding structures for project finance.

Our technology and technical capabilities are unquestionable, we have a world class technology that it is proven and executed at commercial scale successfully. We believe that this sets us apart from any competitors within our niche market. Building from this, our main goal from the moment I joined as CEO, was to prove to our partners and to the market that we could attract project funders willing to finance our project pipeline. Reaching financial close in our first project in the USA, North Fork, was a significant milestone for us. The next phase of our journey is to prove the scalability of our business model by identifying more strategic partners whilst taking a portfolio approach. This would enable us to attract more established project funders that in turn, should reduce the cost of capital for a project and the timing required to reach financial close.

The Chairman has explained how we seek to create a collaborative ecosystem within the waste-to-value sector through entering into strategic relationships. We have already entered into a number of key strategic partnerships with leading partners, including Phoenix Energy, COBRA and more recently ewerGy the German EPC Group. We also strengthened our existing development, testing and research relationships with the University of Lorraine in France and the University of Extremadura in Spain. We have a number of further strategic collaborations under consideration. This collaborative approach is already presenting new opportunities to the Group which we believe will continue to expedite our growth strategy.

I am particularly pleased with the progress being made in our three key verticals, in the US, the UK and in Europe and we are focused on building on this progress to become an internationally recognised technology partner for Advanced Gasification across the Globe. Our focus is on:

- Recovery of clean energy from biomass: Focused on biomass energy with projects in the 2 to 5MW scale, particularly in the USA and Europe. We are also exploring the opportunity to licence our technology in South East Asia, following referrals from INNIO Jenbacher, one of our key technology partners.

- Recovery of clean energy from waste streams in agri-food and industrial sectors: Focused on energy recovery for distributed industrial energy transition applications, typically in the 2 to 10MW project scale, particularly in the Mediterranean area.

- Elimination of Municipal Solid Waste ("MSW") and Refuse Derived Fuel ("RDF"): Focused on projects typically in the 5 to 25MW range, particularly in the UK and Ireland.

The Group's strategy is to build a leading position in its chosen markets. Our approach has been to tailor the design of our Advanced Gasification Technology closely on customer requirements and which we feel gives us a commercial and technical edge. Development work is focussed on areas where it is believed that there is the potential for us to be the reference technology partner and present a compelling value proposition to the client.

We continue to build on our growth strategy focusing on maximising the opportunities that we expect to provide a stable base of regular recurring and predictable revenues and profits. We strive for operational excellence so as to achieve a high level of new contract awards and keep our existing clients happy. We have broadened our horizons to achieve scale and geographical coverage.

In our current scale-to-growth phase we believe that focus is the key. This could be a challenge for a company with the in-house technical capabilities and desire we have to constantly innovate with breakthrough technologies to apply in a fast-changing world. We have focused the business in targeted sectors in order to develop a profitable and cash-generative business that is understood by all stakeholders. We have no doubt that each of these markets will grow unquestionably over the next few years based on the increasing drive for improved air quality worldwide, the growth of renewables in the energy mix and the need to decarbonise industrial processes.

We rest assured that once we have proven scalability in these niche sectors, we will have both the financial resilience and growth platform for EQTEC to be particularly positioned to continue to innovate and capture new segments of each market.

Review of Operations

EQTEC is the partner of choice for certain waste operators, EPC contractors and Project Developers looking to eliminate waste in a sustainable profitable manner and produce clean electricity, heat and biofuels.

We provide our world leading Advance Gasification Technology and the technical, operational and development capabilities to make projects happen. We collaborate with strong strategic partners.

Chief Executive's Report – continued

This is a summary of the contracts and projects we are currently working on at the date of this report:

- Framework agreement signed with Phoenix Biomass Energy Inc. ("Phoenix") to jointly develop biomass gasification power projects in the US, with five projects already identified, including North Fork and NAPA
- Acquire a 19.99% ownership of North Fork Community Power LLC ("NFCP") which is developing a 2MW biomass project in North Fork, California for a consideration of US$2.5 million satisfied by the supply of certain items of the existing equipment previously held at EQTEC's Newry site
- Equipment Sale and Services Contract signed with NFCP, with a sales value of €2.2 million to EQTEC, payable in stages according to a schedule of certain agreed milestones. Achieved Financial Close and in January 2020 invoiced and received a first payment of €880,000. Detailed engineering has since been completed on the project and a second payment of €770,000 was received in May 2020.
- NAPA Project SPV relocated to an adjacent site to accommodate a larger 2MW capacity power plant, with planning having already been resubmitted in July 2019. The client is still awaiting amendment of planning permits and construction and installation is intended to start immediately after receipt of the permits.
- Conditional MOU signed with COBRA Instalaciones Y Servicios and Scott Bros. Enterprises Limited to jointly develop the proposed 25MW Billingham Energy waste gasification and power plant. Subsequently agreed an extension to the MOU, and opened discussions with potential co-developers and funders. EQTEC has instructed the work to provide a full quotation for the grid connection [paid the initial deposit] and initiated technical due diligence with funders and insurance providers.
- Completed c.€155,000 Transports Metropolitans de Barcelona ("TMB") maintenance contract and increased proactive business development activities in this area, leading to a developing pipeline of potential new business for the Group, including further upgrade and maintenance contracts in Spain.
- Exclusivity Agreement signed for the proposed 1.18MW Biomasse31 Project in France.

Post year end

- Entered into the MOU with German EPC company, ewerGy GmbH ("ewerGy") (which will operate in Greece via its local partner, Eco Hellas SA), together with Greece based promoter and project developer, Agrigas Energy SA for the development of first advanced gasification plant in Greece
- Signed a Collaboration Framework Agreement (the "Agreement"), with ewerGy covering the key terms of the proposed cooperation for the development of a portfolio of projects in Greece and the Balkan Region with 11 projects identified and already under review.
- Awarded a contract for the upgrade of the existing syngas research and development facility at the University of Extremadura in Badajoz, Spain, to testing of the production of biofuels from syngas using a Fisher-Tropsch process and unit.
- Approval for RDF testing at the University of Lorraine plant in France. Discussions ongoing with a number of stakeholders to create a consortium to carry out a testing programme of UK RDF at the plant.

Financial Review

Revenue in the financial year ended 31 December 2019 amounted to €1.7 million (2018: €2.2 million). The Group reported a loss for the financial year of €3.6 million, a decrease on the prior year period loss of €8.2million for 2018. Losses before one off items and interest expensed were €2.6 million for the financial year.

As at 31 December 2019, net assets of the Group stood at €15.5 million (2018: €11.9 million) and the Group had net debt of €2.3 million (2018: €5.5 million) including cash balances of €0.5 million (2018: €0.5 million).

As announced on 28 June 2019, the Group has agreed to restructure €3.16 million of its existing debt through a debt for equity swap, resulting in a significant reduction in the Group's debt obligations. Following the debt for equity swap, the debt plus accrued interest, was payable in full, at the end of July 2020.

Two equity fundraises were successfully completed in July and December amounting in total to £1.8 million (€2 million) from new and existing shareholders together with the issue of new ordinary shares to certain service providers at an agreed price of twice the equity subscription price, thereby strengthening the balance sheet.

The Company identified a series of cash cost reduction initiatives, including cash salary reductions currently agreed through to July 2020, which have been implemented. In order to preserve cash and further align senior managements' interests with shareholders the executive management team in total agreed to take shares in lieu of 40% of their cash remuneration, until 30 June 2020. Non-Executive Chairman, Ian Pearson, also agreed to a 40% reduction in fees whilst Non-Executive Director, Thomas Quigley, agreed to take shares in lieu of his entire cash remuneration until 30 June 2020. None of these shares have yet been issued.

In December 2019 we completed our acquisition of a 19.99% equity interest in North Fork Community Power LLC for the development of a 2 MW biomass project in North Fork, California for a consideration of US$2.5million (€2.2 million) which was satisfied by the supply of certain items of existing equipment held at EQTEC's Newry site.

Chief Executive's Report – continued

Subsequent to the year-end we also established an Employee Incentive Warrant Pool for all employees which will be used to incentivise performance and align the interests of employees with those of shareholders

In January 2020 we completed the sale of certain equipment to Movialsa for €0.3 million, and agreed a collaboration to use its 6MW plant in Spain, which utilises the Group's proprietary gasification technology, as a showcase for the Group's technology, with over 111,000 hours of expected operational availability successfully achieved and externally audited.

In the last month we negotiated a reprofiling of existing loans plus interest of €2.7 million as at 1 June 2020 which were due to mature on 31 July 2020 resulting in the extension of the maturity dates to 30 June 2021.

Future plans & Outlook

We have a high degree of earnings visibility for FY20 on contracted or near contracted sales of technology with FY20 results expected to be significantly weighted to second half of the financial year.

Global demand for Group's technology and services remains strong. Early indications show demand increasing as more and more countries and companies seek sustainable Green solutions to waste elimination and energy issues.

The Group continues to advance discussions with regard to a number of ongoing business development initiatives, including:

- Entry into the market in Greece through a strategic partnership with ewerGy for EPC, O&M and business development and exclusivity in relation to its existing pipeline in the agricultural waste sector.
- Project partnerships with potential investors in the USA whilst evaluating feasibility of additional two projects with Phoenix Energy.
- Collaborations with developers in the UK and Ireland in relation to RDF, anaerobic digestion and waste gasification projects.
- Collaboration with a large owner and operator of biomass energy, district heating and energy from waste infrastructure, to develop a portfolio of projects together.

It is apparent to the Board that COVID-19, with the resultant restrictive social and travel practices and associated economic impact will have some inevitable impact on the operations of the Group. It is too early at this stage to be confident in trying to make any accurate overall forecasts of the impact that COVID-19 will have, for example, on employees, customers or growth. However, EQTEC is a strong and resilient business with a proven technology and relatively low-risk business model, providing a good foundation to withstand the challenges of the COVID-19 pandemic. We continue to implement a number of measures to reduce the Group's cash outflows and assist in managing its cash-flow in this period.

The focus of the Board will be on building on the foundation for growth, focusing on increasing sales in the context of a leaner organisation and continuing to solidify the capital structure of the Group. We are also constantly assessing funding requirements including various options/opportunities to establish new funding structures for project finance and attracting the funding to continue with our activities and our planned development programme.

We look forward to keeping shareholders updated on key developments going forward.

David Palumbo
Chief Executive Officer
12 June 2020

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 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 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 is focused on delivering shareholder value over the medium to long term by exploiting its proprietary advanced gasification technology in sustainable waste to energy plants in the UK, the US and Europe.

We are a waste-to-value company, using our proven proprietary Advanced Gasification Technology to generate safe, green energy from over 50 different kinds of feedstock such as municipal, agricultural and industrial waste, biomass, and plastics. We collaborate with waste operators, developers, technologists, EPC contractors and capital providers to build sustainable waste elimination and green energy infrastructure.

Our revenue comes from licensing and selling our technology, supplying gasification reactors and equipment, and engineering and design services using our unique expertise. We also expect to receive equity returns from projects in which we invest.

We are quoted on AIM on London's stock exchange, bear the Green Economy Mark awarded by the London Stock Exchange, and trade as LSE:EQT. EQTEC is an ideal investment for Impact Investors who want to generate a measurable environmental impact alongside potential financial returns.

The Board is focused on growing the business organically and where synergistic opportunities arise through acquisition.

The identification and management of risk in relation to the achievement of our strategic objectives and business model is dealt with in "Managing and mitigating risk" below.

Engaging and Communicating with Shareholders

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company though its website, www.eqtecplc.com and via David Palumbo, CEO, who is available to answer investor relations enquiries.

Stakeholder Responsibilities

The Board recognises that the long-term success of the Group is reliant upon the efforts of the employees of the Group, its contractors and suppliers and on the Group's relationships with these and other stakeholders such as customers and 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.

It is the Company's intention that, over the coming year, all employees of the Group participate in a structured Group-wide annual assessment process. This is designed to ensure there is an open and confidential dialogue with each person in the Group to help ensure successful two-way communication with agreement on goals, targets and aspirations of the employee 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. In addition, the Board ensures that all key relationships with, for example, customers and suppliers are the responsibility of, or are closely supervised by, one of the directors.

Our technology and services have a positive impact on society and the environment. Through taking waste which cannot be recycled and turning it into energy we reduce the need for landfill and contribute towards reducing carbon emissions and meeting renewable energy targets. We are passionate about using our technology to deliver sustainable outcomes for the communities who are customers of the power plants that use our technology, and to always deliver to the highest environmental standards.

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 control. 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 believe 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:

Winning and delivering contracts	**Mitigation**
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	**Mitigation**
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. Impact 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	**Mitigation**
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. Additionally, to ensure a talent pool is identified, developed and ready for succession if needed, a succession plan will be put in place over the coming year for key management. 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. Incentive programmes are also in place to ensure key individuals are retained.
System process or control failure	**Mitigation**
We produce 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.	The basis of our governance framework is provided by our core policies, which are subject to continual review and enhancement to manage our growing and diversifying business requirements in line with sound governance practice. We have built extensive operational processes to ensure that our product design, engineering, and other services we provide meet the most rigorous quality standards. Our internal control procedures continue to be reviewed formally. We are in the process of introducing interdependent operational and finance systems to achieve operational efficiencies and transparent reporting.
Access to grow the business and cash generation	**Mitigation**
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.
Reliance on material counterparties	**Mitigation**
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	**Mitigation**
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 three fulltime executive directors: the CEO David Palumbo, the FD Gerry Madden, and the CTO Dr Yoel Aleman; and two independent non-executive directors: Ian Pearson, who acts as the Chairman, and Tom Quigley. Each non-executive director devotes as much time as is required to carry out the roles and responsibilities that the director has agreed to take on.

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

Ian Pearson, Non-Executive Chairman

Ian was for five years the chairman of AIM listed OVCT2, a company which invested in a variety of renewal energy companies and was successfully merged into Apollo VCT plc last year. He is currently a Non-Executive Director of Thames Water Utilities Limited, the UK's biggest water company with 15 million customers, and is Chairman of CODE Investing Ltd. He is also a senior adviser to BAI Communications plc and has previously been a member of the UK Advisory Board of the accountants, PwC. During a distinguished Ministerial career from 2001-10 Ian Pearson held a number of positions, 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

David is an experienced entrepreneur with 20 years' experience in private equity, business development and asset management. Since 2006, David has founded and co-founded a number of companies in various industries such as renewable energy, wealth management, property and real estate. David is 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 has extensive experience in attracting funding for companies from seed stage, all the way to IPO in exchanges in London, Frankfurt, Madrid and Paris. He has a BSc and a MSc in Electrical Engineering.

Gerry Madden, Finance Director

Gerry joined the Group in May 2007 as Finance Director and was Chief Executive from 2011 to 2017. With over 30 years of experience in Corporate Finance and Business Strategy he has also built up extensive experience in renewable energy project development and the Green Economy. He originally worked with international accountants KPMG and also founded and led an Advisory Practice partnering with Irish and International businesses. He has also acted as a Non-Executive director for companies in the technology, healthcare, retail and renewable energy sectors. He is a Fellow of the Institute of Chartered Accountants, a graduate of University College Cork and a Member of the Institute of Directors.

Yoel Aleman, Chief Technology Officer

Yoel is a highly experienced chemical engineer with over 20 years of experience in Biomass and Municipal Solid Waste Gasification. Since joining EQTEC Iberia in 2010, he has designed, built, commissioned and operated gasification facilities on pilot plant and commercial scale, and is a renowned trouble-shooter of failed gasification installations. He is the author of three technology patents related to power generation via advanced fluidized bed gasification technology. Holding a PhD in Chemical Engineering, he has been an Associated Professor of Research at several Universities in Europe.

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.

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 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.

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 that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave.

A large part of the Group's activities is centred upon addressing customer and market needs. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does. The Board assessment of the culture within the Group at the present time is one where there is respect for all individuals, there is open dialogue within the Group, and there is a commitment to provide the best service possible to all the Group's customers.

The Company has adopted a code for directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with Rule 21 of the AIM rules and the Market Abuse Regulation.

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 which are reserved to 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.

Company Secretary

At present the Finance Director also acts as the Company Secretary. The Company has plans in place to separate the role from an executive director at the appropriate time.

Audit Committee

The Audit Committee comprises Tom Quigley (Chairman) and Ian Pearson. Meetings are also attended by the Finance Director 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 three 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

2019	**Board**	**Audit Committee**	**Remuneration Committee**
Number of Meetings	**15**	**1**	**1**
Ian Pearson	15	1	1
Ian Price (to 16/9/19)	8		
David Palumbo (from 28/8/19)	4		
Gerry Madden	15		
Yoel Aleman (from 28/8/19)	4		
Tom Quigley	10	1	1
Oscar Leiva (to 28/6/19)	1		

Irish Takeover Panel and Takeover Rules
The Company is subject to the Irish Takeover Panel and Takeover Rules and mandatory bid, compulsory acquisition and buy-out provisions will apply.

On behalf of the Board

Ian Pearson
Chairman

David Palumbo
Director

Date: 12 June 2020

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 2019.

Principal Activities, Business Review and Future Developments

The Group is a waste-to-value group, which uses its proven proprietary Advanced Gasification Technology to generate safe, green energy from over 50 different kinds of feedstock such as municipal, agricultural and industrial waste, biomass, and plastics. The Group collaborates with waste operators, developers, technologists, EPC contractors and capital providers to build sustainable waste elimination and green energy infrastructure.

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

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 4 to 7.

Results and Dividends

The results for the financial year are set out on page 18. No dividends have been proposed by the Directors in the current financial year (2018: €Nil).

Principal Risks and Uncertainties

The Group has a risk management structure in place, which is designed to identify, manage and mitigate business risk. Risk assessment and evaluation is an essential part of the Group's internal control system.

Information about the 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 of the notes to the consolidated financial statements.

The Group is exposed to a number of other risks and uncertainties. These break into certain important strategic and operational risks which we describe below. Our risk framework operates at the business and functional levels and is designed to identify, evaluate and mitigate risks within each of the risk categories. Our reactions to material future developments as well as our competitors' reactions to those developments will affect our future results.

Strategic Risks
Strategic risk relates to the Company's future business plans and strategies, including the risks associated with the global macro-environment in which we operate, strategic partnerships; intellectual property; and other risks, including the demand for our products and services, competitive threats, the success of investments in our technology and other product and service innovations, and public policy.

Global macro-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 success of our business depends on achieving our strategic objectives, including through entering into strategic partnerships with significant construction entities and groups where we may have a lesser degree of control over the business operations, which may expose us to additional operational, financial, legal or compliance risks.

Intellectual property
Our intellectual property portfolio may not prevent competitors from independently developing products and services similar to or duplicative to ours, and the value of our intellectual property may be negatively impacted by external dependencies. Our patents and other intellectual property 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 intellectual property will be sufficient or that our intellectual property portfolio will adequately deter misappropriation or improper use of our technology.

Directors' Report – continued
Principal Risks and Uncertainties - continued

If we are not able to protect our intellectual property, the value of our brand and other intangible assets may be diminished, and our business may be adversely affected.

Impact of COVID-19
Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

We are closely monitoring the coronavirus situation, are following Government guidelines in all jurisdictions in which we operate and are sharing these with colleagues. We are prepared to take action to deal with this situation as it changes. We have considered the potential impact of COVID-19 in our scenario analysis.

Brexit
The short and long-term impact of Brexit continues to be unclear in respect of the degree of its impact on future economic growth in the UK market or on any additional tariffs that may apply to UK businesses trading with the European Union if the trade negotiations during the transition period do not result in an agreed way forward. The Group monitors this position and adjusts its forward plans where appropriate particularly in relation to its supply chain and working capital requirements. EQTEC is well placed, with operations in Ireland, the UK and Spain, to mitigate the impact of any Brexit related decisions on the Group's performance.

Operational Risks
Operational risk relates to risks arising from systems, processes, people and external events that affect the operation of our businesses. It includes product life cycle and execution; product safety and performance; information management and data protection and security, including cybersecurity; supply chain and business disruption; and other risks, including human resources and reputation.

We may face operational challenges that could have a material adverse effect on our business, reputation, financial position and results of operations, and we are dependent on the maintenance of existing product lines, market acceptance of new product and service introductions and product and service innovations for continued revenue and earnings growth.

We produce highly sophisticated products and provide specialised services for both our and third-party products that incorporate or use leading-edge technology, including both hardware and software. Many of our products and services involve complex industrial machinery or infrastructure projects, such as waste to energy plants that use our gasification technology, and accordingly the impact of a catastrophic product failure or similar event could be significant. While we have built extensive operational processes to ensure that our product design, manufacture and servicing, and other services that we provide, meet the most rigorous quality standards, there can be no assurance that we or our customers or other third parties will not experience operational process failures or other problems that could result in potential product, safety, regulatory or environmental risks. Despite the existence of crisis management or business continuity plans, 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, financial position and results of operations. 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 of operations.

The Group invests capital in developing and expanding its pipeline of waste to energy projects. The nature of the Group's business model means that the sales and project pipeline depend upon counterparties commissioning and financing major projects, the timing of which is subject to many uncertainties and is not under the Group's control. This implies that the timing of funds generated from projects can be difficult to predict and could adversely affect the Group's results of operations.

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.

Directors' Report - continued
Principal Risks and Uncertainties - continued

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.

Going Concern

The Group incurred a loss of €3,561,289 (2018: €8,209,679) during the financial year ended 31 December 2019 and had net current liabilities of €1,953,659 (2018: €2,659,716) and net assets of €15,466,948 (31 December 2018: €11,870,707) at 31 December 2019.

The Group continues to invest capital in developing and expanding its pipeline of waste to energy projects. The nature of the Group's business model means that the sales and project pipeline depend upon counterparties commissioning and financing major projects, the timing of which is subject to many uncertainties and is not under the Group's control. This implies that the timing of funds generated from projects can be difficult to predict.

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The degree of uncertainty associated with the outcome of the COVID-19 crisis increases significantly the further into the future forecasting is undertaken. The nature and condition of the Group and the degree to which it is affected by external factors affect the judgement regarding the outcome of the COVID-19 crisis. Any judgement about the future is based on information at the time at which the judgement is made. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made. Management will continually assess the information available at the time of publication.

The directors had carried out an evaluation of financial forecasts, sensitised to reflect a rational judgement of the level of inherent risk. The forecasts which Management have prepared covering the next 12 months include certain assumptions with regard to required future funding from third parties, such as drawdown of the available Altair loan facility, the costs of business development, overheads and the timing and amount of any funds generated from sales of the Groups technology. The forecasts indicate that during this period the Group will have funds to continue with its activities and its planned development program.

For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Directors

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

Gerry Madden
Ian Price (resigned 16 September 2019)
Oscar Leiva (resigned 28 June 2019)
Yoel Aleman (appointed 28 August 2019)
Ian Pearson
Thomas Quigley
David Palumbo (appointed 28 August 2019)

Directors' and Secretary's Interests in Shares

The Directors and secretary of EQTEC plc who held office at 31 December 2019 had the following interests in the Ordinary Shares of the Company:

	At 31 December 2019	At 31 December 2018 (or date of appointment if later)
Ian Pearson	537,634	537,634
David Palumbo	204,545	204,545
Gerry Madden	1,386,817	1,386,817
Yoel Aleman	67,310,508	67,310,508
Thomas Quigley	15,345,063	193,548

Gerry Madden had an interest in 14,926,161 "A" Ordinary Shares and 817,140 Deferred B Ordinary Shares at the beginning and end of the financial year. The holders of the A and Deferred B Ordinary Shares are not entitled to participate in the profits or assets of the Company and are not entitled to receive notice, attend, speak and vote at general meetings of the Company.

The directors and secretary who held office at 31 December 2019 did not have any interests in the share capital of any of the subsidiaries of the Company.

Remuneration Committee Report

The Group's policy on senior executive remuneration is designed to attract and retain people of the highest calibre who can bring their experience and independent views to the policy, strategic decisions and governance of the Group.

In setting remuneration levels, the Remuneration Committee takes into consideration the remuneration practices of other companies of similar size and scope. A key philosophy is that staff must be properly rewarded and motivated to perform in the best interests of the shareholders. Details of Directors' remuneration are included in Note 32 of the notes to the consolidated 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.

Important Events since the year end

Details of events occurring since 31 December 2019 which impact on the Group are included in Note 33 of the notes to the consolidated 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 which give a true and fair view of the state of affairs 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 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 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.

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
Chairman

David Palumbo
Director

Date 12 June 2020

Consolidated statement of profit or loss for the financial year ended 31 December 2019

	Notes	2019	2018
		€	€
Revenue	8	1,686,312	2,175,687
Cost of sales	9	(1,598,250)	(2,253,389)
Gross profit/(loss)		88,062	(77,702)
Operating income/(expenses)			
Administrative expenses	10	(2,677,995)	(2,762,864)
Other income	11	195,152	142,325
Reversal of impairment/(Impairment) of property, plant and equipment and intangible assets	18	94,985	(2,121,637)
Impairment of inventories	23	(98,851)	-
Impairment of goodwill	19	-	(1,427,038)
Other gains/(losses)	12	128,235	(772,046)
Foreign currency losses		(187,249)	(14,813)
Operating loss		(2,457,661)	(7,033,775)
Finance costs	13	(1,125,312)	(1,212,662)
Loss before taxation	15	(3,582,973)	(8,246,437)
Income tax	16	-	-
Loss for the financial year from continuing operations		(3,582,973)	(8,246,437)
Profit for the financial year from discontinued operations	31	21,684	36,758
LOSS FOR THE FINANCIAL YEAR		(3,561,289)	(8,209,679)
Loss attributable to:			
Owners of the company		(3,764,519)	(6,992,090)
Non-controlling interest		203,230	(1,217,589)
		(3,561,289)	(8,209,679)

		2019 € per share	2018 € per share
Basic loss per share:			
From continuing operations	17	(0.001)	(0.004)
From continuing and discontinued operations	17	(0.001)	(0.004)
Diluted loss per share:			
From continuing operations	17	(0.001)	(0.004)
From continuing and discontinued operations	17	(0.001)	(0.004)

The notes on pages 28 to 66 form part of these financial statements.

Consolidated statement of other comprehensive income for the financial year ended 31 December 2019

	2019	2018
	€	€
Loss for the financial year	(3,561,289)	(8,209,679)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on retranslation of foreign operations	118,066	(13,376)
	118,066	(13,376)
Total comprehensive loss for the financial year	(3,443,223)	(8,223,055)
Attributable to:		
Owners of the company	(3,669,812)	(7,005,976)
Non-controlling interests	226,589	(1,217,079)
	(3,443,223)	(8,223,055)

The notes on pages 28 to 66 form part of these financial statements.

Consolidated statement of financial position
At 31 December 2019

	Notes	2019	2018
ASSETS		**€**	**€**
Non-current assets			
Property, plant and equipment	18	271,255	2,313,431
Intangible assets	19	15,283,459	15,283,459
Financial assets	20	2,229,006	-
Other financial investments	21	17,324	18,934
Total non-current assets		17,801,044	17,615,824
Current assets			
Inventories	23	-	98,851
Trade and other receivables	24	728,587	831,752
Cash and cash equivalents	25	482,392	463,414
		1,210,979	1,394,017
Assets included in disposal group classified as held for resale	31	1,198,074	1,243,547
Total current assets		2,409,053	2,637,564
Total assets		**20,210,097**	**20,253,388**

Consolidated statement of financial position
At 31 December 2019 – continued

	Notes	2019	2018
EQUITY AND LIABILITIES		€	€
Equity			
Share capital	26	21,317,482	19,182,850
Share premium	26	52,487,278	47,582,446
Accumulated deficit		(56,011,538)	(52,341,726)
Equity attributable to the owners of the company		17,793,222	14,423,570
Non-controlling interests	27	(2,326,274)	(2,552,863)
Total equity		15,466,948	11,870,707
Non-current liabilities			
Borrowings	28	188,729	3,085,401
Lease liabilities	29	191,708	-
Total non-current liabilities		380,437	3,085,401
Current liabilities			
Trade and other payables	30	876,071	1,494,706
Borrowings	28	2,556,960	2,889,092
Lease liabilities	29	82,726	-
		3,515,757	4,383,798
Liabilities included in disposal group classified as held for resale	31	846,955	913,482
Total current liabilities		4,362,712	5,297,280
Total equity and liabilities		**20,210,097**	**20,253,388**

The financial statements were approved by the Board of Directors on 12 June 2020 and signed on its behalf by:

Ian Pearson
Chairman

David Palumbo
Director

The notes on pages 28 to 66 form part of these financial statements.

Consolidated statement of changes in equity for the financial year ended 31 December 2019

	Share Capital €	Share premium €	Accumulated deficit €	Equity attributable to owners of the company €	Non-controlling interests €	Total €
Balance at 1 January 2018	18,724,196	44,574,164	(45,335,750)	17,962,610	(1,335,784)	16,626,826
Conversion of debt into equity (Note 26)	458,654	3,121,070	-	3,579,724	-	3,579,724
Share issue costs (Note 26)	-	(112,788)	-	(112,788)	-	(112,788)
Transactions with owners	458,654	3,008,282	-	3,466,936	-	3,466,936
Loss for the financial year	-	-	(6,992,090)	(6,992,090)	(1,217,589)	(8,209,679)
Unrealised foreign exchange losses	-	-	(13,886)	(13,886)	510	(13,376)
Total comprehensive loss for the financial year	-	-	(7,005,976)	(7,005,976)	(1,217,079)	(8,223,055)
Balance at 31 December 2018	19,182,850	47,582,446	(52,341,726)	14,423,570	(2,552,863)	11,870,707
Issue of ordinary shares in EQTEC plc (Note 26)	1,157,100	2,529,382	-	3,686,482	-	3,686,482
Conversion of debt into equity (Notes 26 and 28)	977,532	2,645,675	-	3,623,207	-	3,623,207
Share issue costs (Note 26)	-	(270,225)	-	(270,225)	-	(270,225)
Transactions with owners	2,134,632	4,904,832	-	7,039,464	-	7,039,464
Loss for the financial year	-	-	(3,764,519)	(3,764,519)	203,230	(3,561,289)
Unrealised foreign exchange losses	-	-	94,707	94,707	23,359	118,066
Total comprehensive loss for the financial year	-	-	(3,669,812)	(3,669,812)	226,589	(3,443,223)
Balance at 31 December 2019	**21,317,482**	**52,487,278**	**(56,011,538)**	**17,793,222**	**(2,326,274)**	**15,466,948**

The notes on pages 28 to 66 form part of these financial statements.

Consolidated statement of cash flows
for the financial year ended 31 December 2019

	Notes	2019 €	2018 €
Cash flows from operating activities			
Loss for the financial year		(3,582,973)	(8,246,437)
Adjustments for:			
Depreciation of property, plant and equipment	18	100,261	17,058
Gain on disposal of property, plant & equipment		-	(3,139)
Gain on disposal of investment	20	(3,078)	-
(Reversal of)/Impairment of property, plant and equipment	18	(94,985)	2,121,637
Impairment of goodwill	19	-	1,427,038
Impairment of inventories	23	98,851	-
Impairment of trade receivables	24	150,379	-
Impairment of other receivables	24	60,000	-
Bad debt expense		3,255	-
(Gain)/loss on debt for equity swap	12	(128,235)	772,046
Unrealised foreign exchange movements		70,439	(29,287)
Operating cash flows before working capital changes		(3,326,086)	(3,941,084)
Decrease/(Increase) in:			
Inventories		-	68,273
Trade and other receivables		204,097	(113,054)
Decrease in Trade and other payables		(453,854)	(377,648)
Cash used in operating activities – continuing operations		(3,575,843)	(4,363,513)
Finance costs		1,125,312	1,212,662
Net cash used in operating activities – continuing operations		**(2,450,531)**	**(3,150,851)**
Net cash generated from operating activities – discontinued operations	31	110,184	142,956
Cash used in operating activities		**(2,340,347)**	**(3,007,895)**
Cash flows from investing activities			
Additions to property, plant and equipment	18	(10,272)	(1,233)
Proceeds from the disposal of property, plant and equipment		-	3,139
Proceeds from the sale of other investments		1,610	-
Proceeds from the sale of interest in associates	20	3,078	-
Net cash (used in)/ generated from investing activities – continuing operations		**(5,584)**	**1,906**
Net cash generated from/(used in) investing activities – discontinued operations	31	6	(904)
Net cash (used in)/generated from investing activities		**(5,578)**	**1,002**

Consolidated statement of cash flows for the financial year ended 31 December 2019 - continued

	Notes	2019 €	2018 €
Cash flows from financing activities			
Proceeds from borrowings and lease liabilities	28	301,584	6,036,706
Repayment of borrowings and lease liabilities	28	(1,019,978)	(2,631,718)
Loan issue costs	28	-	(621,154)
Proceeds from issue of ordinary shares		3,451,697	66,017
Share issue costs		(223,556)	(743,261)
Interest paid		(32,091)	(300,119)
Net cash generated from financing activities – continuing operations		**2,477,656**	**1,806,471**
Net cash used in financing activities – discontinued operations	31	(111,106)	(120,472)
Net cash generated from financing activities		**2,366,550**	**1,685,999**
Net increase/ (decrease) in cash and cash equivalents		**20,625**	**(1,320,894)**
Cash and cash equivalents at the beginning of the financial period		587,569	1,908,463
Cash and cash equivalents at the end of the financial period	25	**608,194**	**587,569**
Cash and cash equivalents included in disposal group	31	(125,802)	(126,718)
Cash and cash equivalents for continuing operations	25	**482,392**	**460,851**

Details of non-cash transactions are set out in Note 34 of the financial statements.

The notes on pages 28 to 66 form part of these financial statements.

Company statement of financial position
At 31 December 2019

	Notes	2019	2018
ASSETS		€	€
Non-current assets			
Property, plant and equipment	18	-	822
Investment in subsidiary undertakings	20	17,440,929	17,367,967
Total non-current assets		17,440,929	17,368,789
Current assets			
Trade and other receivables	24	1,334,004	1,963,851
Cash and bank balances	25	448,619	384,704
Total current assets		1,782,623	2,348,555
Total assets		**19,223,552**	**19,717,344**
EQUITY AND LIABILITIES			
Equity			
Share capital	26	21,317,482	19,182,850
Share premium	26	71,421,358	66,516,526
Accumulated deficit		(76,390,202)	(71,715,400)
Total equity		16,348,638	13,983,976
Non-current liabilities			
Borrowings	28	-	2,771,448
Total non-current liabilities		-	2,771,448
Current liabilities			
Borrowings	28	2,426,045	2,676,364
Trade and other payables	30	448,869	285,556
Total current liabilities		2,874,914	2,961,920
Total equity and liabilities		**19,223,552**	**19,717,344**

The financial statements were approved by the Board of Directors on 12 June 2020 and signed on its behalf by:

Ian Pearson
Chairman

David Palumbo
Director

The notes on pages 28 to 66 form part of these financial statements.

Company statement of changes in equity for the financial year ended 31 December 2019

	Share capital €	Share premium €	Accumulated deficit €	Total €
Balance at 1 January 2018	18,724,196	63,508,244	(67,436,323)	14,796,117
Conversion of debt into equity (Note 26)	458,654	3,121,070	-	3,579,724
Share issue costs (Note 26)	-	(112,788)	-	(112,788)
Transactions with owners	458,654	3,008,282	-	3,466,936
Loss for the financial year (Note 35)	-	-	(4,279,077)	(4,279,077)
Total comprehensive loss for the financial year	-	-	(4,279,077)	(4,279,077)
Balance at 31 December 2018	19,182,850	66,516,526	(71,715,400)	13,983,976
Issue of ordinary shares in EQTEC plc (Note 26)	1,157,100	2,529,382	-	3,686,482
Conversion of debt into equity (Notes 26 and 28)	977,532	2,645,675	-	3,623,207
Share issue costs (Note 26)	-	(270,225)	-	(270,225)
Transactions with owners	2,134,632	4,904,832	-	7,039,464
Loss for the financial year (Note 35)	-	-	(4,674,802)	(4,674,802)
Total comprehensive loss for the financial year	-	-	(4,674,802)	(4,674,802)
Balance at 31 December 2019	**21,317,482**	**71,421,358**	**(76,390,202)**	**16,348,638**

The notes on pages 28 to 66 form part of these financial statements.

Company statement of cash flows
for the financial year ended 31 December 2019

	Notes	2018	2019
		€	€
Cash flows from operating activities			
Loss before taxation		(4,674,802)	(4,279,077)
Adjustments for:			
Depreciation of property, plant and equipment	18	616	411
Impairment of property, plant and equipment	18	206	-
Finance costs		1,083,703	1,151,593
Provision for impairment of investment in subsidiaries	20	1,427,038	1,149,432
Provision for impairment of trade and other receivables	24	30,000	-
Provision for impairment of intercompany balances		489,689	113,493
Provision for impairment of other receivables	24	60,000	-
Bad debt expense		3,255	-
(Gain)/Loss on debt for equity swap	12	(128,235)	772,046
Foreign currency losses/(gains) arising from retranslation of borrowings		(36,110)	(4,023)
Operating cash flows before working capital changes		(1,744,640)	(1,096,125)
Funds advanced to inter-company accounts		(1,376,852)	(1,556,113)
Repayment of inter-company balances		79,251	55,580
Increase in trade and other receivables		(10,826)	(8,141)
Increase/(decrease) in trade and other payables		323,096	(150,655)
Net cash used in operating activities		**(2,729,971)**	**(2,755,454)**
Cash flows from investing activities			
Purchase of plant, property and equipment	18	-	(1,233)
Investment in subsidiaries	20	-	(900,000)
Net cash generated from/(used in) investing activities		**-**	**(901,233)**
Cash flows from financing activities			
Proceeds from borrowings	28	301,584	6,036,706
Repayment of borrowings	28	(732,794)	(2,238,548)
Proceeds from issue of ordinary shares		3,451,697	66,017
Share issue costs		(223,556)	(743,261)
Loan issue costs	28	-	(621,154)
Interest paid		(482)	(239,050)
Net cash generated from financing activities		**2,796,449**	**2,260,710**
Net increase/(decrease) in cash and cash equivalents		**66,478**	**(1,395,977)**
Cash and cash equivalents at the beginning of the financial year		382,141	1,778,118
Cash and cash equivalents at the end of the financial year	25	**448,619**	**382,141**

The notes on pages 28 to 66 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 2019 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as 'the Group').

The Group is a waste-to-value group, which uses its proven proprietary Advanced Gasification Technology to generate safe, green energy from over 50 different kinds of feedstock such as municipal, agricultural and industrial waste, biomass, and plastics. The Group collaborates with waste operators, developers, technologists, EPC contractors and capital providers to build sustainable waste elimination and green energy infrastructure.

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

2. NEW OR REVISED STANDARDS OR INTERPRETATIONS

Impact of initial application of IFRS 16 *Leases*
In the current financial year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 *Leases* replaces IAS 17 *Leases*, along with three interpretations (IFRIC 4 *Determining whether an arrangement contains a lease*, SIC 15 *Operating leases – Incentives*, and SIC 27 *Evaluating the substance of transactions involving the legal form of a lease*). The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 3%.

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at 1 January 2019:

	Carrying amount at 31 December 2018	Reclassification	Remeasurement	IFRS 16 Carrying amount at 1 January 2019
	€	€	€	€
Property, plant and equipment	2,313,431	-	354,718	2,668,149
Lease liabilities	-	-	(354,718)	(354,718)
Total	**2,313,431**	**-**	**-**	**2,313,431**

The following is a reconciliation of total operating lease commitments at 31 December 2018 (as disclosed in the financial statements to 31 December 2018) to the lease liabilities recognised at 1 January 2019:

	€
Total operating lease commitments disclosed at 31 December 2018	360,000
Other minor adjustments related to commitment disclosures	18,025
Operating lease liabilities before discounting	378,025
Discounted using incremental borrowing rate	(23,307)
Operating lease liabilities	354,718
Finance lease obligations at 31 December 2018	-
Total lease liabilities recognised under IFRS 16 at 1 January 2019	354,718

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) - continued

Other new/revised standards and interpretations adopted in 2019

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 2019. Their adoption has not had any impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*;
- Amendments to IAS 28 *Long-Term Interests in Associates and Joint Ventures*;
- Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement;*
- Annual Improvements to IFRS Standards 2015-2017 Cycle – minor amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23;
- IFRIC 23 *Uncertainty over Income Tax Treatments.*

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*;
- IFRS 10 and IAS 28 (amendments) *Sale of Contribution of Assets between an Investor and its Associate or Joint Venture;*
- Amendments to IFRS 3 *Definition of a business;*
- Amendments to IAS 1 and IAS 8 *Definition of material*;
- Conceptual Framework *Amendments to References to the Conceptual Framework in IFRS Standards.*

The directors do not expect 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 2019 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 2019 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 represented where necessary, to present the financial statements on a consistent basis.

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

The Group incurred a loss of €3,561,289 (2018: €8,209,679) during the financial year ended 31 December 2019 and had net current liabilities of €1,953,659 (2018: €2,659,716) and net assets of €15,466,948 (31 December 2018: €11,870,707) at 31 December 2019.

The Group continues to invest capital in developing and expanding its pipeline of waste to energy projects. The nature of the Group's business model means that the sales and project pipeline depend upon counterparties commissioning and financing major projects, the timing of which is subject to many uncertainties and is not under the Group's control. This implies that the timing of funds generated from projects can be difficult to predict.

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The degree of uncertainty associated with the outcome of the COVID-19 crisis increases significantly the further into the future forecasting is undertaken. The nature and condition of the Group and the degree to which it is affected by external factors affect the judgement regarding the outcome of the COVID-19 crisis. Any judgement about the future is based on information at the time at which the judgement is made. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made. Management will continually assess the information available at the time of publication.

3. STATEMENT OF ACCOUNTING POLICIES - CONTINUED

Basis of Preparation and Going Concern – continued

The directors had carried out an evaluation of financial forecasts, sensitised to reflect a rational judgement of the level of inherent risk. The forecasts which Management have prepared covering the next 12 months include certain assumptions with regard to required future funding from third parties, such as drawdown of the available Altair loan facility, the costs of business development, overheads and the timing and amount of any funds generated from sales of the Groups technology. The forecasts indicate that during this period the Group will have funds to continue with its activities and its planned development program.

For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

Basis of consolidation
The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2019. 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.

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 31).

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

3. STATEMENT OF ACCOUNTING POLICIES - continued

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Euro, which is also the functional 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 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 other comprehensive income and recognised in the currency translation 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.

Segment reporting

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

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

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

Revenue

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

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

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

Rendering of services

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

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

3. STATEMENT OF ACCOUNTING POLICIES - continued

Revenue - continued

Construction contracts for renewable energy systems

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

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.

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

Land and buildings and 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. Leasehold buildings, 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 and plant and equipment. The following useful lives are applied:

• Leasehold buildings: 5-50 years
• Office equipment: 2-5 years
• Wind Turbine: 20 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 property, plant and equipment 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.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Property, plant and equipment - continued

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.

Leased assets

As described in Note 2, the Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

Accounting policy applicable from 1 January 2019

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

• the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
• the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
• the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases

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

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

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

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 for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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 profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

Accounting policy applicable before 1 January 2019

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life. The interest element of lease payments is charged to profit or loss, as finance costs over the year of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3. STATEMENT OF ACCOUNTING POLICIES - continued

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

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.

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 FVTPL or FVOCI.

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other 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's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Financial instruments - continued

Classification and subsequent measurement of financial assets – continued

Financial assets at amortised cost - continued

The expected loss rates are based on the payment profile for sales over the past 48 months before 31 December 2019 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's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

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

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

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 profit or loss comprises the sum of deferred tax and current tax not recognised in 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.

3. STATEMENT OF ACCOUNTING POLICIES - continued

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.

Retained earnings include all current and prior financial year retained profits. 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.

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). All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting years or other vesting conditions apply, the expense is allocated over the vesting year, based on the best available estimate of the number of share options expected to vest.

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

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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.

Share Warrants
The Group has share warrants outstanding that were issued to loan notes holders as part of the loan agreements. These share warrants are assessed under IAS 32 as instruments settled in an entity's own equity instruments. The classification of this instrument as either a financial liability or equity depends on the substance of the financial instruments rather that its legal form.

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.

3. STATEMENT OF ACCOUNTING POLICIES - continued

Provisions, contingent assets and contingent liabilities - continued
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 Company sourcing finance required to continue to develop projects. After making enquiries and considering the matters referred to in Note 3, the Directors have a reasonable expectation that the Company will source this financing and the Group will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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

Financial Instruments
The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the financial statements.

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.

Assets held for disposal
On 27 March 2017, the Board of Directors announced its decision to dispose the wind turbine segment of the Group consisting of Pluckanes Windfarm Limited, a wholly owned subsidiary of Reforce Energy Limited, are classified as assets held for disposal. The Board considered the subsidiary to meet the criteria to be classified as held for sale at that date for the following reasons:

- Pluckanes Windfarm Limited is available for immediate sale and can be sold to the buyer in its current condition.
- The actions required to complete the sale were initiated and negotiations with potential buyers have been identified and monitored.
- The Group remains committed in its plan to sell the disposal group.

For more details on the discontinued operation, refer to Note 31.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency).

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.

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

Impairment of goodwill and non-financial assets
Determining whether goodwill and non-financial assets are impaired requires an estimation of the value in use of the cash generating units to which the assets have been allocated. The value in use calculation requires the directors to estimate the future cash flows to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual cash flows are less than expected, a material impairment may arise. The total property, plant and equipment reversal of impairment charges during the financial year as included in Note 18 amounted to €94,985 (2018: Impairment cost of €2,121,637), while the impairment for goodwill during the financial year as included in Note 19 amounted to €Nil (2018: €1,427,038).

Provision for impairment of financial assets
Determining whether the carrying value of financial assets has been impaired requires an estimation of the value in use of the investment in subsidiaries 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 (2018: €Nil) be recognised in the Group accounts and €1,427,038 (2018: €1,149,432) be recognised in the Company accounts of EQTEC plc. Details of this impairment are set out in Note 20.

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. At 31 December 2019, provisions for doubtful debts amounted to €456,671 which represents 57% of trade receivables at that date (31 December 2018: €306,292– 73%) (see note 24).

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.

Useful lives of depreciable assets
The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The directors annually review these asset lives and adjust them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have significant impact on depreciation charges for the financial year. It is not practical to quantify the impact of changes in asset lives on an overall basis, as asset lives are individually determined, and there are a significant number of asset lives in use. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5. FINANCIAL RISK MANAGEMENT

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

The Group'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. The Group seeks to minimise the effects of these risks by monitoring the working capital position, cash flows and interest rate exposure of the Group. There is close involvement by members of the Board of Directors in the day-to-day running of the business.

Many of the Group's transactions are carried out in Pounds Sterling. The Group's exposure to price risk is not a significant risk as the Company does not currently hold a portfolio of securities which may be materially impacted by a decline in market values.

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

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

	2019	2018
	€	€
Trade and other receivables	639,028	279,388
Cash and cash equivalents	482,392	463,414

The Group's credit risk is primarily attributable to its trade and other receivables.

5. FINANCIAL RISK MANAGEMENT

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

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

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. 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 24).

Liquidity risk
The Group's liquidity is managed by ensuring that sufficient facilities are available for the Group'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 2019:

	Notes	Up to 1 year €	1 – 5 years €	After 5 years €	Total €
Trade and other payables	30	876,071	-	-	876,071
Lease liabilities	29	82,726	191,708	-	274,434
Investor loans	28	2,431,736	-	-	2,431,736
Bank borrowings	28	125,224	188,729	-	313,953
		3,515,757	380,437	-	3,896,194

The table below details the maturity of the Group's liabilities as at 31 December 2018:

	Notes	Up to 1 year €	1 – 5 years €	After 5 years €	Total €
Trade and other payables	30	1,494,706	-	-	1,494,706
Non-bank borrowings	28	2,679,492	2,771,449	-	5,450,941
Bank borrowings	28	207,037	313,952	-	520,989
Bank overdrafts	28	2,563	-	-	2,563
		4,383,798	3,085,401	-	7,469,199

Interest rate risk
The primary source of the Group's interest rate risk relates to bank loans and other debt instruments. The interest rates on these assets and liabilities are disclosed above.

Bank borrowings and other debt instruments (excluding amounts in the disposal group) amounted to €2,745,689 and €5,974,493 in 31 December 2019 and 31 December 2018, respectively.

The interest rate risk is managed by the Group 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.

5. FINANCIAL RISK MANAGEMENT - continued

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 2019 would increase/decrease by €5,646 (2018: decrease/increase by €7,124). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings, which are primarily included in Eqtec Iberia SLU and in the disposal group. The Group's sensitivity to interest rates has decreased during the current financial year mainly due to the repayment of bank borrowings in both Eqtec Iberia SLU and in the disposal group.

Foreign exchange risk
The Group is mainly exposed to future changes in the Sterling and the US Dollar relative to the Euro. These risks are managed by monthly review of Sterling and US Dollar denominated monetary assets and monetary liabilities and assessment of the potential exchange rate fluctuation exposure. The Group'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	
	2019	2018	2019	2018
	€	€	€	€
Sterling	1,345,407	3,499,871	720,511	670,653
US Dollar	1,418,028	3,049,155	-	-

The following table details the Group'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.

	Sterling Impact		US Dollar Impact	
	2019	2018	31 Dec 2019	31 Dec 2018
	€	€	€	€
Profit and loss	63,121	285,780	143,235	269,015

The Group's sensitivity to foreign currency has decreased during the current financial year mainly due to the settlement of debt denominated in both sterling and US Dollar through the issue of equity.

6. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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.

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.

5. CAPITAL MANAGEMENT POLICIES AND PROCEDURES - continued

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

	31 Dec 2019	31 Dec 2018
	€	€
Borrowings	2,745,689	5,974,493
Lease liabilities	274,434	-
Cash and bank balances	(482,392)	(463,414)
Net debt	2,537,731	5,511,079
Equity	17,793,222	14,423,570
Net debt to equity ratio	14%	38%

Debt is defined as lease liabilities and borrowings of the Group while Equity includes all share capital, share premium and accumulated deficit attributable to equity holders of the parent.

The movement in the net debt to equity ratio is as a result of the conversion of €3.6 million of debt into equity.

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)	
	2019	2018	2019	2018
	€	€	€	€
Technology Sales	1,664,874	2,134,028	(1,206,736)	(1,482,168)
Power Generation	21,438	41,659	235,305	(280,674)
Total from continuing operations	1,686,312	2,175,687	(971,431)	(1,762,842)
Central administration costs and directors' salaries			(1,618,502)	(1,077,724)
(Reversal of)/Impairment of property, plant and equipment and intangible assets			94,985	(2,121,637)
Impairment of inventories			(98,851)	-
Impairment of goodwill			-	(1,427,038)
Other income			195,152	142,325
Other gains and losses			128,235	(772,046)
Foreign currency losses			(187,249)	(14,813)
Finance costs			(1,125,312)	(1,212,662)
Loss before taxation (continuing operations)			(3,582,973)	(8,246,437)

Revenue reported above represents revenue generated from jointly controlled entities and external customers. Inter-segment sales for the financial year amounted to €Nil (2018: €Nil). Included in revenues in the Power Generation Segment are revenues of €21,438 (2018: €41,659) which arose from sales to GG Eco Energy Limited, an associate undertaking of EQTEC plc. This represents 1% (2018: 2%) of total revenues in the financial year.

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	
	2019	2018	2019	2018
	€	€	€	€
Technology sales	99,644	16,647	10,272	-
Power Generation	-	-	-	-
Head Office	617	411	-	1,233
	100,261	17,058	10,272	1,233

In addition to the depreciation and amortisation reported above, reversal of impairment losses of €94,985 (2018: impairment losses of €2,121,637) and impairment losses of €Nil (2018: €1,427,038) were recognised in respect of property, plant, equipment and intangible assets and goodwill respectively. These reversal of impairment losses and impairment losses were attributable as follows: Power Generation Segment, Reversal of impairment losses €173,516 (2018: loss of €2,121,637); Technology Sales Impairment losses €78,326 (2018: loss of €1,427,038); Head Office Impairment losses €206 (2018: €Nil)

The Group operates in three principal geographical areas: Republic of Ireland (country of domicile), Spain 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*	
	2019	2018	2019	2018
	€	€	€	€
Republic of Ireland	-	-	-	822
Spain	1,664,874	2,134,028	271,255	84,234
United Kingdom	21,438	41,659	-	2,228,375
	1,686,312	2,175,687	271,255	2,313,431

*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	
	2019	2018	2019	2018
	€	€	€	€
Revenue from technology sales	1,664,874	2,134,028	-	-
Revenue from the generation of energy from wind	-	-	193,614	183,660
Revenue from consultancy fees associated with the generation of heat	21,438	41,659	-	-
	1,686,312	2,175,687	193,614	183,660

9. COST OF SALES

	Continuing		Discontinued	
	2019	2018	2019	2018
	€	€	€	€
Materials purchased	1,598,250	2,253,389	-	-
ISEM trading fees	-	-	955	275
	1,598,250	2,253,389	955	275

10 ADMINISTRATIVE EXPENSES

	Continuing		Discontinued	
	2019	2018	2019	2018
	€	€	€	€
Employee expenses	1,591,198	1,439,110	-	-
Office and operating expenses	(65,634)	559,534	54,579	35,652
Marketing expenses	1,962	11,698	-	-
Professional fees	424,292	285,999	11,908	3,400
Depreciation of property, plant & equipment equipment (Note 18)	100,261	17,058	73,245	73,321
Gain on disposal of PPE	-	(3,139)	-	-
Reversal of impairment of investments (Note 20)	(3,078)	-	-	-
Bad debts and provision against trade and other receivables (Note 24)	213,634	-	-	-
Travel and subsistence	104,414	165,396	-	-
Other miscellaneous expenses	13,979	45,002	104	58
Regulatory expenses	296,967	242,206	-	-
	2,677,995	2,762,864	139,836	112,431

11. OTHER INCOME

	Continuing		Discontinued	
	2019	2018	2019	2018
	€	€	€	€
Income from insurance claim	-	108,027	-	-
Income from lease arrangements	24,157	23,000	-	-
Income from other services	13,144	8,400	-	-
Operating grants	157,851	2,898	-	-
	195,152	142,325	-	-

12. OTHER GAINS AND LOSSES

	Continuing		Discontinued	
	2019	2018	2019	2018
	€	€	€	€
Gain/(Loss) on debt for equity swap	128,235	(772,046)	-	-

During the financial year the Group extinguished some of its borrowings by issuing equity instruments. In accordance with IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, the gain recognised on these transactions was €128,235 (2018: loss of €772,046).

13. FINANCE COSTS AND INCOME

	Continuing		Discontinued	
	2019	2018	2019	2018
	€	€	€	€
Finance Costs				
Interest on loans, bank facilities and overdrafts	1,105,768	1,212,662	31,145	34,202
Interest expense for leasing arrangements	9,544	-	-	-
Other interest	10,000	-	-	-
	1,125,312	1,212,662	31,145	34,202
Finance Income				
Interest receivable on bank deposits	-	-	6	6

14. EMPLOYEE DATA

	2019	2018
	€	€
Employee costs (including executive directors):		
Salaries	1,017,471	1,070,394
Social insurance costs	196,616	183,756
Pension costs	17,635	-
	1,231,722	1,254,150
	No.	No.
Average number of employees (including executive directors)	12	17
Company		
Average number of employees (including executive directors)	3	3

Capitalised employee costs in the financial year amounted to €Nil (2018 €Nil).

15. LOSS BEFORE TAXATION

		2019	2018
		€	€
Loss before taxation on continuing operations is stated after charging/(crediting):			
Depreciation of property, plant and equipment (Note 18)		100,261	17,058
Profit on disposal of property, plant and equipment		-	(3,139)
Loss on foreign exchange		187,249	14,813
Directors' remuneration:	for services as directors	227,025	167,245
(Note 32).	for other services	462,515	478,852
	termination of service as director	-	10,093
Impairment of inventories (Note 23)		98,851	-
Impairment of goodwill (Note 19)		-	1,427,038
(Reversal of)/ impairment losses of property, plant and equipment charged to profit and loss (Note 18)		(94,985)	2,121,637

	2019	2018
	€	€
Auditor's remuneration:		
Audit of Group accounts	50,000	48,000
Tax advisory services	10,700	11,000
	60,700	59,000

16. INCOME TAX

	2019	2018
	€	€
Income tax expense comprises:		
Current tax expense	-	-
Deferred tax credit	-	-
Adjustment for prior financial years	-	-
Tax expense	-	-

	2019	2018
	€	€
Loss before taxation	(3,561,289)	(8,209,679)
Applicable tax 12.50% (2018: 12.50%)	(445,161)	(1,026,210)
Effects of:		
Amortisation & depreciation in excess of capital allowances	21,688	11,297
Expenses not deductible for tax purposes	(27,902)	540,090
Losses carried forward	451,375	474,823
	-	-
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.

17. LOSS PER SHARE

	2019 € per share	2018 € per share
Basic loss per share		
From continuing operations	(0.001)	(0.004)
From discontinued operations	-	-
Total basic loss per share	(0.001)	(0.004)
Diluted loss per share		
From continuing operations	(0.001)	(0.004)
From discontinued operations	-	-
Total diluted loss per share	(0.001)	(0.004)

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

	2019 €	2018 €
Loss for period attributable to equity holders of the parent	(3,764,519)	(6,992,090)
Profit for the period from discontinued operations used in the calculation of basic earnings per share from discontinued operations	21,684	36,758
Losses used in the calculation of basic loss per share from continuing operations	(3,786,203)	(7,028,848)
	No.	**No.**
Weighted average number of ordinary shares for the purposes of basic loss per share	2,576,585,384	1,563,237,257
Weighted average number of ordinary shares for the purposes of diluted loss per share	2,576,585,384	1,563,237,257

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.

	2019	2018
Share warrants in issue	297,800,062	339,000,429
Convertible loans in issue	331,566,767	10,000,000
Total anti-dilutive shares	629,366,829	349,000,429

Details of share warrants in issue outstanding at year-end are set out in Note 26.

18. PROPERTY, PLANT & EQUIPMENT

Group	Leasehold Buildings €	Motor Vehicles €	Office equipment €	Construction in Progress €	Total €
Cost					
At 1 January 2018	-	52,055	184,993	11,956,280	12,193,328
Additions	-	-	1,233	-	1,233
Disposals	-	(52,055)	(14,396)	-	(66,451)
Foreign currency adjustment	-	-	(1)	(149,723)	(149,724)
At 31 December 2018	-	-	171,829	11,806,557	11,978,386
Adjustment on transition to IFRS 16	354,718	-	-	-	354,718
Additions		-	10,272	-	10,272
Disposals		-	(840)	(294,960)	(295,800)
Consideration for acquisition of associate (Note 20)		-	-	(9,745,158)	(9,745,158)
Foreign currency adjustment	-	-	3	698,664	698,667
At 31 December 2019	354,718	-	181,264	2,465,103	3,001,085
Accumulated depreciation					
At 1 January 2018	-	50,933	85,234	7,588,981	7,725,148
Charge for the financial year	-	1,122	15,936	-	17,058
Charge on disposal	-	(52,055)	(14,396)	-	(66,451)
Impairment	-	-	-	2,121,637	2,121,637
Foreign currency adjustment	-	-	(1)	(132,436)	(132,437)
At 31 December 2018	-	-	86,773	9,578,182	9,664,955
Charge for the financial year	83,463	-	16,798	-	100,261
Charge on disposal	-	-	(840)	-	(840)
Consideration for acquisition of associate (Note 20)	-	-	-	(7,516,152)	(7,516,152)
Impairment/Reversal of impairment	-	-	78,531	(173,516)	(94,985)
Foreign currency adjustment	-	-	2	576,589	576,591
At 31 December 2019	83,463	-	181,264	2,465,103	2,729,830
Carrying amount					
At 31 December 2018	-	-	85,056	2,228,375	2,313,431
At 31 December 2019	271,255	-	-	-	271,255

On 4 June 2019, the Group announced that it had entered into a legally binding agreement to acquire a 19.99% interest in NFCP on financial close of the proposed construction and operation of a 2MW biomass plant (the "Project") by North Fork Community Power LLC and this acquisition was completed on 31 December 2019. The consideration for the Company's investment is being solely satisfied by the supply of construction in progress currently held at EQTEC's Newry site, valued at US$2.5 million (€2,229,006) (see note 20).

The Group carried out a review of the recoverable amount of property held by the Power Generation and Technology Sales operating segments and by Head Office at 31 December 2019. The review led to recognition of a reversal of an impairment loss in the current financial year of €94,985 (2018: impairment charge of €2,121,637), which has been recognised in profit or loss. The net reversal of the impairment charge represents €300,000 of impairment charges reversed arising from the sale of equipment that had been previously impaired in full, less additional impairment charges of €205,015 financial recorded in the year.

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

	31 Dec 2019 €
Leasehold buildings	271,255
Total right-of-use assets	271,255

18. PROPERTY, PLANT & EQUIPMENT – CONTINUED

The impairment losses have been shown separately in the consolidated statement of profit or loss.

	Office equipment	Total
Company	**€**	**€**
Cost		
At 1 January 2018	-	-
Additions	1,233	1,233
At 31 December 2018	1,233	1,233
Additions	-	-
At 31 December 2019	1,233	1,233
Accumulated depreciation		
At 1 January 2018	-	-
Charge for the financial year	411	411
At 31 December 2018	411	411
Charge for the financial year	616	616
Impairment	206	206
At 31 December 2019	1,233	1,233
Carrying amount		
At 1 January 2019	822	822
At 31 December 2019	-	-

19. INTANGIBLE ASSETS

	Goodwill	Total
Cost	**€**	**€**
As at 1 January 2018, 31 December 2018 and 31 December 2019	16,710,497	16,710,497
Amortisation		
As at 1 January 2018	-	-
Impairment losses	1,427,038	1,427,038
As at 31 December 2018	1,427,038	1,427,038
Impairment losses	-	-
As at 31 December 2019	1,427,038	1,427,038
Carrying value		
As at 31 December 2018	15,283,459	15,283,459
As at 31 December 2019	15,283,459	15,283,459

19. INTANGIBLE ASSETS – continued

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 (2018: 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 (2018: €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:

	2019	2018
	€	€
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% (2018: 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 15%. These rates are based on the Group's estimated weighted average cost of capital, adjusted for risk, and are consistent with external sources of information.

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

The directors are not currently aware of any other reasonably possible changes to key assumptions that would cause a unit's carrying amount to exceed its recoverable amount.

An impairment loss of €Nil (2018: €1,427,038) has been calculated for the financial year ended 31 December 2019.

20. FINANCIAL ASSETS

GROUP

	2019	2018
Investment in associate undertakings	**€**	**€**
At beginning of financial year	-	-
Reversal of impairment of investment in GG Eco Energy Limited	3,078	-
Disposal of investment in GG Eco Energy Limited	(3,078)	-
Investment in shares in North Fork Community Power LLC	2,229,006	-
At end of financial year	2,229,006	-

Investment in associate
Details of the Group's interests in associated undertakings at 31 December 2019 is as follows:

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

On 4 June 2019, the Group announced that it had entered into a legally binding agreement to acquire a 19.99% interest in NFCP on financial close of the proposed construction and operation of a 2MW biomass plant (the "Project") by North Fork Community Power LLC and this acquisition was completed on 31 December 2019. For the first five years of operation the share of profits from the associate is limited to 0.1999% rising to 19.99% thereafter. The consideration for the Company's investment is being solely satisfied by the supply of certain items of the existing equipment currently held at EQTEC's Newry site, valued at US$2.5 million (€2,229,006) (See note 18), and no cash consideration is therefore required.

During the financial year, the Group disposed of its 30% interest in the shares of GG Eco Energy Limited at cost.

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

	2019	2018
	€	€
Non-current assets	1,339,413	1,124,930
Current assets	17,993,577	263,963
Non-current liabilities	(18,721,867)	(1,176,779)
Current liabilities	(34,885)	(1,299,410)
Net assets/(liabilities)	576,238	(1,087,296)
Group's share of net assets of associated entities	115,190	-

	2019	2018
	€	€
Total revenues	257,440	542,171
Total expenses	(495,346)	(844,397)
Total loss for the financial year	(237,906)	(302,226)
Group's share of profits of associated entities	-	-

20. FINANCIAL ASSETS – continued

COMPANY

	2019	2018
Investment in subsidiary undertakings	**€**	**€**
At beginning of financial year	16,796,663	15,896,663
Reclassification of inter-company balance as contribution to capital in Eqtec Iberia	1,500,000	-
Investment in capital in Eqtec Iberia	-	900,000
Provision for impairment in investment in subsidiaries	(1,427,038)	-
At end of financial year	16,869,625	16,796,663
Loans to subsidiary undertakings		
At beginning of financial year	571,304	1,720,736
Provision for impairment of investment in subsidiaries	-	(1,149,432)
At end of financial year	571,304	571,304
Total	17,440,929	17,367,967

Details of EQTEC plc subsidiaries at 31 December 2019 are as follows:

Name	*Country of Incorporation*	*Shareholding*	*Principal activity*
Newry Biomass No. 1 Limited	Republic of Ireland	100%	Investment company
React Biomass Limited	Republic of Ireland	100%	Investment company
Reforce Energy Limited	Republic of Ireland	100%	Renewable energy development company
Pluckanes Windfarm Limited	Republic of Ireland	100%	Generation of electricity through wind
Grass Door Limited	United Kingdom	100%	Developer & operator of biomass heat generating projects
Newry Biomass Limited	Northern Ireland	50.02%	Energy utility company
Enfield Biomass Limited	United Kingdom	100%	Energy utility company
Moneygorm Wind Turbine Limited	Republic of Ireland	100%	Dormant company
Eqtec No. 1 Limited	Republic of Ireland	100%	Investment company
Eqtec Strategic Project Finance Limited (formerly Plymouth Biomass Limited)	United Kingdom	100%	Dormant company
Clay Cross Biomass Limited	United Kingdom	90%	Energy utility company
Altilow Wind Turbine Limited	Republic of Ireland	100%	Generation of electricity through wind
Eqtec Iberia SLU	Spain	100%	Provision of technical engineering services

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

The registered office for all of the above companies is Building 1000, City Gate, Mahon, Cork, except for Enfield Biomass Limited, Plymouth Biomass Limited, Clay Cross Biomass Limited and Grass Door Limited, whose registered office is 3 Stucley Place, London NW1 8NS, England; Newry Biomass Limited, whose registered office is 68 Cloughanramer Road, Carnmeen, Newry, Co. Down BT34 1QG, Northern Ireland; and Eqtec Iberia SLU, whose registered office is Rosa Sensat nº 9-11 Planta 5ª, 08005 Barcelona, Spain.

20. FINANCIAL ASSETS- continued

The table below shows details of non-wholly owned subsidiaries of the Group that have material, 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 period		Non-controlling interests	
		2019	2018	2019	2018	2019	2018
		%	%	€	€	€	€
Newry Biomass Limited	Northern Ireland	49.98	49.98	203,252	(1,217,549)	(2,414,398)	(2,641,910)
Individually immaterial subsidiaries with non-controlling interests		10.00	10.00	(22)	(40)	88,124	89,047
Total				203,230	(1,217,589)	(2,326,274)	(2,552,863)

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.

Notes to the consolidated financial statements

21. OTHER FINANCIAL INVESTMENTS

	2019 €	2018 €
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	15,492	17,102
	17,324	18,934

22. DEFERRED TAXATION

A deferred tax asset has not been recognised at the 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 company has not recognised any deferred tax asset in respect of tax losses to be carried forward which are approximately €17.8 million at 31 December 2019 (2018: €14 million).

23. INVENTORIES

	2019 €	2018 €
Work in progress	-	98,851

For the financial year ended 31 December 2019, €Nil (2018: €68,273) of inventories was included in profit or loss as an expense and €98,851 (2018: €Nil) was impaired resulting from write down of inventories.

24. TRADE AND OTHER RECEIVABLES

	2019 €	2018 €
Group		
Trade receivables gross	805,425	420,169
Allowance for credit losses	(456,671)	(306,292)
Trade receivables net	348,754	113,877
VAT receivable	18,226	232,590
Payments on account	-	34,594
Advances to related undertakings	60,000	60,000
Allowance for credit losses	(60,000)	-
Prepayments	66,773	319,678
Receipts from share fundraise	235,130	-
Corporation tax	4,560	96
Other receivables	55,144	70,917
	728,587	831,752

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.

	2019 €	2018 €
Within terms	311,438	35,196
Past due more than one month but less than two months	9,813	2,377
Past due more than two months	484,174	382,596
	805,425	420,169

24. TRADE AND OTHER RECEIVABLES - continued

Included in the Group's trade receivables balance are debtors with carrying amount of €27,503 (2018: €76,304) 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 €2,039, (2018: €2,377) 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:

	2019	2018
	€	€
Ireland	30,000	-
Spain	475,425	420,169
United Kingdom	300,000	-
	805,425	420,169

The aged analysis of other receivables is within terms.

The closing balance of the trade receivables loss allowance as at 31 December 2019 reconciles with the trade receivables loss allowance opening balance as follows:

	€
Loss allowance as at 1 January 2018 calculated under IAS 39	306,292
IFRS 9 transition adjustment	-
Opening loss allowance as at 1 January 2018	306,292
Loss allowance recognised during the financial year	-
Loss allowance as at 31 December 2018	306,292
Loss allowance recognised during the financial year	150,379
Loss allowance as at 31 December 2019	456,671

The closing balance of the advances to related undertakings loss allowance as at 31 December 2019 reconciles with the advances to related undertakings loss allowance opening balance as follows:

	€
Loss allowance as at 1 January 2018 calculated under IAS 39	-
IFRS 9 transition adjustment	-
Opening loss allowance as at 1 January 2018	-
Loss allowance recognised during the financial year	-
Loss allowance as at 31 December 2018	-
Loss allowance recognised during the financial year	60,000
Loss allowance as at 31 December 2019	60,000

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

24. TRADE AND OTHER RECEIVABLES - continued

	2019	2018
Company	**€**	**€**
Amounts due from subsidiary undertakings	1,699,272	1,756,008
Allowance for impairment of balances	(665,771)	(160,521)
	1,033,501	1,595,487
Trade receivables	30,000	-
Allowance for credit losses	(30,000)	-
Advances to related undertakings	60,000	60,000
Allowance for credit losses	(60,000)	-
Prepayments	57,165	248,866
Receipts from share fundraise	235,130	-
Corporation Tax	96	96
VAT Receivable	5,498	13,721
Other receivables	2,614	45,681
	1,334,004	1,963,851

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.

25. 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:

	2019	2018
Group	**€**	**€**
Cash and bank balances	482,392	463,414
Bank overdrafts (Note 28)	-	(2,563)
Sub-total	482,392	460,851
Cash and cash equivalents included in a disposal group held for resale (Note 31)	125,802	126,718
	608,194	587,569
Company		
Cash and bank balances	448,619	384,704
Bank overdrafts (Note 28)	-	(2,563)
	448,619	382,141

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

26. EQUITY

Share Capital

At 31 December 2018	***Authorised Number***	***Allotted and called up Number***	***Authorised €***	***Allotted and called up €***
Ordinary shares of €0.001 each	12,561,091,094	1,804,744,243	12,561,091	1,804,744
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	19,182,850

At 31 December 2019	***Authorised Number***	***Allotted and called up Number***	***Authorised €***	***Allotted and called up €***
Ordinary shares of €0.001 each	12,561,091,094	3,939,376,266	12,561,091	3,939,376
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	21,317,482

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 €270,255 (2018: €112,788).

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.

Notes to the consolidated financial statements

26. EQUITY - continued

Movements in the financial year to 31 December 2019

Amounts of shares	**2019**	**2018**
Ordinary Shares of €0.001 each issued and fully paid		
- Beginning of the period	1,804,744,243	1,346,090,838
- Issued on exercise of warrants	163,027,158	-
- Issued in lieu of borrowings	977,532,138	458,653,405
- Share issue private placement	994,072,727	-
Total Ordinary shares of €0.001 each authorised, issued and fully paid at the end of the period	3,939,376,266	1,804,744,243

Share Warrants

As at 31 December 2019 the Company had 664,636,833 warrants outstanding (2018: 494,259,679).

No of warrants	**Exercise price (pence)**	**Final exercise date**	**Fair value at grant date £**
95,833,333	0.75	6/8/2020	-
81,296,134	1.19	4/7/2021	-
33,350,318	1.57	3/10/2021	-
383,400,000	0.25	2/12/2021	-
1,533,505	5.33	5/2/2022	-
38,450,000	10.0	13/7/2022	-
30,773,543	0.33	28/6/2024	-
664,636,833			

27. NON-CONTROLLING INTERESTS

	2019	**2018**
	€	**€**
Balance at beginning of financial year	(2,552,863)	(1,335,784)
Share of profit/(loss) for the financial year	203,230	(1,217,589)
Unrealised foreign exchange gains	23,359	510
Balance at end of financial year	(2,326,274)	(2,552,863)

28. BORROWINGS

Group	**2019**	**2018**
	€	**€**
Current liabilities		
At amortised cost		
Bank overdrafts	-	2,563
Bank borrowings	125,224	207,037
Convertible secured loan note (CSLN)	1,008,017	-
Non-convertible secured loan facility (NCSLF)	-	147,474
Other loans	5,691	5,691
Convertible secured loan facility (CSLF)	1,418,028	2,526,327
	2,556,960	2,889,092
Non-current liabilities		
At amortised cost		
Bank borrowings	188,729	313,952
Convertible secured loan note (CSLN)	-	2,216,604
Non-convertible secured loan facility (NCSLF)	-	554,845
	188,729	3,085,401

28. BORROWINGS – continued

Company	2019 €	2018 €
Current liabilities		
Bank overdrafts	-	2,563
Convertible secured loan (CSLN)	1,008,017	-
Non-convertible secured loan facility (NCSLF)	-	147,474
Convertible secured loan facility (CSLF)	1,418,028	2,526,327
	2,426,045	2,676,364
Non-current liabilities		
Convertible secured loan note (CSLN)	-	2,216,603
Convertible secured loan facility (NCSLF)	-	554,845
	-	2,771,448

Borrowings at amortised cost

Both the convertible secured loan note and the convertible secured loan facility are secured through an intercreditor deed by mortgage debentures, cross guarantees and share pledges over the Group. The interest rate on both loans is fixed at 12.5% and both loans mature on 31 July 2020. All amounts outstanding under both loans are to be repaid as a single payment of principal and accrued interest on 31 July 2020, together with a cash redemption fee of 8 per cent on the balances outstanding as at that date.

The holders of both loans have been given the right, at their sole discretion, to convert the outstanding principal and interest in part or in full, at any time up to 31 July 2020 into new Ordinary Shares at 0.66 pence per share. The redemption fee of 8 per cent will not be payable on any debt converted in this manner. However, the holders of the convertible secured loan note, being Altair Investment Group Limited the Company's 28.87 per cent shareholder, can only elect to convert if such exercise would not trigger an obligation under Rule 9 of the Irish Takeover Rules to make a general offer for the balance of issued shares in the capital of the Company.

The face value of the convertible secured loan note at 31 December 2019, including accrued interest, is €1,070,915 (31 December 2018: €2,216,604). The face value of the convertible secured loan facility and accrued interest at 31 December 2019 is €1,501,825 (31 December 2018: €2,853,811).

Bank borrowings comprise two loans from Banco Popular in Spain which are unsecured. The first loan has a balance of €98,690 carries a fixed interest rate of 2.6% and matures on 13 January 2021. The second loan has a balance of €215,263 carries a fixed interest rate of 7.8% and matures on 9 March 2025.

The non-convertible secured loan facility (NCSLF) was at a fixed rate of 15% paid monthly in arrears. The NCSLF was for a five-year term and the principal together with any accrued interest was repaid by a bullet repayment during June 2019. The NCSLF was secured by mortgage debentures, cross guarantees and share pledges over EQTEC and its subsidiary companies.

Notes to the consolidated financial statements

28. 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.

	NCSLF	CSLN	Convertible Loans	CSLF	Unsecured Borrowings	Other Borrowings	Other Loans	Bank Borrowings	Bank Overdraft	Total
	€	€	€	€	€	€	€	€	€	€
Balance at 1 January 2018	924,123	2,693,276	-	-	40,000	-	-	878,920	1,618	4,537,937
Financing Cash Flows										
Proceeds from borrowings	148,951	-	1,529,758	2,878,841	-	1,479,156	-	-	-	6,036,706
Repayment of borrowings	(426,740)	-	(1,484,809)	(148,950)	(40,000)	(178,049)	-	(353,170)	-	(2,631,718)
Loan issue costs	(28,338)	(14,779)	(138,483)	(435,076)	-	(4,478)	-	-	-	(621,154)
Total from financing cash flows	(306,127)	(14,779)	(93,534)	2,294,815	(40,000)	1,296,629	-	(353,170)	-	2,783,834
Non-cash changes										
Reclassification	-	-	-	-	-	-	5,691	(5,691)	-	-
Conversion into equity	-	(438,767)	(259,829)	(117,194)	-	(1,289,723)	-	-	-	(2,105,513)
Effect of changes in foreign exchange rates	(8,451)	(28,695)	1,963	29,187	-	(11,374)	-	-	-	(17,370)
Loan issue costs	(22,256)	-	-	-	-	-	-	-	-	(22,256)
Amortisation of loan issue costs	115,030	5,569	138,145	228,234	-	4,468	-	-	-	491,446
Redemption fee levied	-	-	70,719	-	-	-	-	-	-	70,719
Other changes	-	-	142,536	91,285	-	-	-	930	945	235,696
Total non-cash changes	84,323	(461,893)	93,534	231,512	-	(1,296,629)	5,691	(4,761)	945	(1,347,278)
Balance at 31 December 2018	**702,319**	**2,216,604**	**-**	**2,526,327**	**-**	**-**	**5,691**	**520,989**	**2,563**	**5,974,493**

Other changes include interest accruals and payments.

Notes to the consolidated financial statements

28. BORROWINGS – continued

Reconciliation of liabilities arising from financing activities – continued

	NCSLF	CSLN	CSLF	Other Loans	Bank Borrowings	Bank Overdraft	Lease Liabilities	Total
	€	€	€	€	€	€	€	€
Balance at 1 January 2019	702,319	2,216,604	2,526,327	5,691	520,989	2,563	-	5,974,493
Adoption of IFRS 16	-	-	-	-	-	-	354,718	354,718
Revised balance at 1 January 2019	702,319	2,216,604	2,526,327	5,691	520,989	2,563	354,718	6,329,211
Financing Cash Flows								
Proceeds from borrowings	226,212	75,372	-	-	-	-	-	301,584
Repayment of borrowings	-	-	(732,794)	-	(206,900)	-	(80,284)	(1,019,978)
Total from financing cash flows	226,212	75,372	(732,794)	-	(206,900)	-	(80,284)	(718,394)
Non-cash changes								
Reclassification	(835,301)	835,301	-	-	-	-	-	-
Conversion into equity	(156,084)	(2,406,245)	(1,027,431)	-	-	-	-	(3,589,760)
Effect of changes in foreign exchange rates	17,119	72,744	53,909	-	-	-	-	143,772
Amortisation of loan issue costs	45,735	42,113	248,962	-	-	-	-	336,810
Deferral fee levied	-	-	92,374	-	-	-	-	92,374
Redemption fee levied	-	114,583	35,870	-	-	-	-	150,453
Change in bank overdraft	-	-	-	-	-	(3,486)	-	(3,486)
Other changes	-	57,545	220,811	-	(136)	923	-	279,143
Total non-cash changes	(928,531)	(1,283,959)	(375,505)	-	(136)	(2,563)	-	(2,590,694)
Balance at 31 December 2019	-	**1,008,017**	**1,418,028**	**5,691**	**313,953**	-	**274,434**	**3,020,123**

Other changes include interest accruals and payments.

29. LEASES

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

	2019	2018
Group	**€**	**€**
Current	82,726	-
Non-current	191,708	-
	274,434	-

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

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

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
Office Building	1	3.25 years	3.25 years	0	0	0	0

The lease liabilities are secured by the related underlying asset. Further minimum lease payments at 31 December 2019 were as follows:

	Minimum lease payments due						
	Within 1 year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**After 5 years**	**Total**
	€	**€**	**€**	**€**	**€**	**€**	**€**
2019							
Lease payments	89,828	89,828	89,828	18,714	-	-	288,198
Finance charges	(7,102)	(4,585)	(1,993)	(84)	-	-	(13,764)
Net Present Values	82,726	85,243	87,835	18,630	-	-	274,434
2018							
Lease payments	-	-	-	-	-	-	-
Finance charges	-	-	-	-	-	-	-
Net Present Values	-	-	-	-	-	-	--

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:

	2019
	€
Short term leases	20,216
Leases of low-value assets	10,863
	31,079

29. LEASES - continued

At 31 December 2019, the Group was committed to short-term leases and the total commitment at that date was €18,060.

Total cash outflow for lease liabilities for the financial year ended 31 December 2019 was €80,284 (2018: €Nil).

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

	Carrying Amount (Note 18)	Depreciation Expense	Impairment
	€	€	€
Leasehold Buildings	271,255	83,463	-
Total Right-of-use assets	271,255	83,463	-

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.

30. TRADE AND OTHER PAYABLES

	2019	2018
Group	€	€
VAT payable	25,214	23,000
Trade payables	196,221	725,576
Other payables	69,075	56,890
Accruals	517,139	600,334
PAYE & social welfare	68,422	88,906
	876,071	1,494,706

The carrying amount of trade and other payables approximates 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.

	2019	2018
Company	€	€
Trade payables	17,120	127,411
Other creditors	1,250	1,250
Amounts payable to subsidiary undertakings	17,880	12,881
PAYE & social welfare	13,095	20,065
Accruals	399,524	123,949
	448,869	285,556

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

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

The Group is in negotiations with certain parties with respect to the sale of its subsidiary, Pluckanes Windfarm Limited, which is involved in the generation of electricity through wind. The disposal is consistent with the Group's long-term policy to focus its activities as a technology solution company for waste gasification to energy projects. The disposal is expected to be complete in Q2 2020.

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

31. DISPOSAL GROUP CLASSIFIED AS HELD FOR RESALE AND DISCONTINUED OPERATIONS – continued

	2019	2018
Profit for the financial year from discontinued operations	**€**	**€**
Revenue (Note 8)	193,614	183,660
Cost of sales (Note 9)	(955)	(275)
	192,659	183,385
Administrative Expenses (Note 10)	(139,836)	(112,431)
Operating Profit	52,823	70,954
Finance Costs (Note 13)	(31,145)	(34,202)
Finance Income (Note 13)	6	6
Profit from discontinued operations before tax	21,684	36,758
Tax Expenses	-	-
Profit for the financial year from discontinued operations (attributable to owners of the Company)	21,684	36,758

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

	2019	2018
Cash flows from discontinued operations	**€**	**€**
Operating activities	110,184	142,956
Investing activities	6	(904)
Financing activities	(111,106)	(120,472)
Net cash flows (used in)/generated from discontinued operations	(916)	21,580

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

	2019	2018
Assets classified as held for resale:	**€**	**€**
Non-current assets:		
Property, plant and equipment	1,017,613	1,090,858
Current assets:		
Trade and other receivables	54,659	25,971
Cash and cash equivalents (Note 25)	125,802	126,718
Assets classified as held for resale	1,198,074	1,243,547
Liabilities classified as held for resale:		
Current liabilities:		
Borrowings	821,634	901,250
Trade and other payables	25,321	12,232
Liabilities classified as held for resale	846,955	913,482

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

32. RELATED PARTY TRANSACTIONS

The Group's related parties include Altair Group Investment Limited ("Altair"), who at 31 December 2019 held 28.87% of the shares in the Company, the associate companies and key management.

Transactions with Altair
During the financial year ended 31 December 2019, Altair advanced €301,584 (2018: €148,951) to the Group by way of borrowings. During the financial year ended 31 December 2019, the Group repaid borrowings of €Nil (2018: €426,740) by way of cash and €2,562,329 (2018: €438,767) by way of conversion into equity. Interest payable to Altair for the financial year ended 31 December 2019 amounted to €397,356 (2018: €343,639); this includes a redemption fee of €114,583 (2018: €Nil) with respect to a redemption fee for the early settlement of the loan.

Included in borrowings, net of amortisation costs, at 31 December 2019 is an amount of €1,070,915 (2018: €3,064,245) due to Altair from the Group and entitled the Convertible Secured Loan Note (CSLN).

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:

Directors	Fees/Salaries /Expenses €'000	Termination €'000	Other €'000	Pension €'000	2019 €'000	2018 €'000
I Pearson	68	-	-	-	68	68
N O'Brien (Resigned 2018)	-	-	-	-	-	34
L Sanchez (Resigned 2018)	-	-	-	-	-	145
O Leiva (Resigned 28/6/2019)	12	-	-	-	12	40
T Quigley	42	-	-	-	42	35
I Price (Resigned 16/9/19)	164	-	-	12	176	84
G Madden	262	-	-	-	262	262
Y Aleman (Appointed 28/8/19)	92	-	-	-	92	-
D Palumbo (Appointed 28/8/19)	85	-	-	-	85	-
Total	725	-	-	12	737	668

At 31 December 2019, directors' remuneration unpaid (including past directors) amounted to €183,547 (31 December 2018: €23,642). As announced by the Company on 9 July 2019, these unpaid remuneration is to be applied (net of any required tax deductions) in subscribing for new ordinary shares of €0.001 each in the capital of the Company at a price of 0.33 pence per share, being equal to the placing price of the placing announced on 28 June 2019.

Prior to becoming a director, Mr D Palumbo provided advisory services to the company. The cost of these services amounted to €103,201 (2018: €43,786) for the financial year ended 31 December 2019.

On 9 July 2019, the Company agreed to issue 15,151,515 new Ordinary Shares to Mr Thomas Quigley, non-executive director of the Company, trading as Cloudberry Corporate Advisers, in lieu of corporate advisory fees to the value of £50,000 in relation to the debt restructuring announced on 28 June 2019.

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

Transactions with associate undertakings
During the financial year ended 31 December 2019, sales of €21,438 were made to associate undertakings (2018: €41,659).

33. EVENTS AFTER THE BALANCE SHEET DATE

COVID-19

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

On 23 March 2019, the Company provided an update on how the Company is managing and responding to the current global health situation and the rapidly evolving circumstances surrounding the spread of COVID-19. The safety of EQTEC's staff, their families, the Company's customers and partners are the priority for EQTEC. With offices in the UK, Spain and Ireland, the impact of COVID-19 and government recommendations varies in each location. Accordingly, the Company continues to assess the risks and adapt our plans and actions in consultation with our local stakeholders.

The following are the results of actions taken by the Group in response to the crisis:

- people have successfully transitioned to working from home, with little disruption and minor loss of efficiency
- experienced no reduction in our design and engineering capability, and the delivery of these services to any of our projects
- video conferencing is mitigating loss of physical presence with existing and potential new clients
- manageable loss of efficiency and levels of disruption expected to continue, as project management controls and internal management systems are re-calibrated
- no delay in milestone payments and whilst some exposure exists on the supply side with some potential loss of efficiency, all possible steps are being taken to mitigate and limit any risk
- given the uncertainty and rapidly changing nature of the situation, the Company is working to protect its cash resources by pro-actively managing its capital expenditure and working capital, as well as identifying opportunities for expenditure savings that will not impact on the long-term success of the Company.

Management assessed that the recoverability of the assets of the Group are not affected by COVID-19.

The degree of uncertainty associated with the outcome of the COVID-19 crisis increases significantly the further into the future forecasting is undertaken. The nature and condition of the Group and the degree to which it is affected by external factors affect the judgement regarding the outcome of the COVID-19 crisis. Any judgement about the future is based on information at the time at which the judgement is made. Subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made. Management will continually assess the information available at the time of publication.

Reprofiling of borrowings

On 1 June 2020, the Company announced that it had negotiated a reprofiling of existing loans plus interest of €2.7 million which were due to mature on 31 July 2020 resulting in the extension of the maturity dates to 30 June 2021.

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

34. 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:

	2019	2018
	€	€
Issue of shares in settlement of borrowings and other liabilities	3,623,207	2,807,678

35. 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 2019 was €4,674,802 (2018: €4,279,077).

36. CONTINGENT LIABILITIES

The interest rate on both the convertible secured loan note and the convertible secured loan facility is fixed at 12.5% and both loans mature on 31 July 2020. All amounts outstanding under both loans are to be repaid as a single payment of principal and accrued interest on 31 July 2020, together with a cash redemption fee of 8 per cent. on the balances outstanding as at that date. The holders of both loans have been given the right, at their sole discretion, to convert the outstanding principal and interest in part or in full, at any time up to 31 July 2020 into new Ordinary Shares at 0.66 pence per share. The redemption fee of 8 per cent. will not be payable on any debt converted in this manner. However, the holders of the convertible secured loan note, being Altair Investment Group Limited the Company's 28.8 per cent shareholder, can only elect to convert if such exercise would not trigger an obligation under Rule 9 of the Irish Takeover Rules to make a general offer for the balance of issued shares in the capital of the Company.

36. CONTINGENT LIABILITIES – continued

Under IFRS 9, as the cash redemption fee is payable on the condition that the lender has not converted debt into equity, there is no legal obligation to pay cash at the date of the contract, so no recognition is required in the accounts. If the loans were to be repaid in cash on 31 July 2020, a redemption fee of €205,819 would be recognised in the financial statements at 31 December 2019.

37. COMMITMENTS UNDER OPERATNG LEASES

As described in Note 2, the Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4. At 31 December 2018, the Group had future minimum lease payments under non-cancellable operating leases as follows:

	2018
	€
Not later than 1 year	72,000
Later than 1 year and not later than 5 years	288,000
Late than 5 years	-
	360,000

38. APPROVAL OF FINANCIAL STATEMENT

These consolidated financial statements were approved by the Board of Directors on 12 June 2020.

Independent auditor's report to the members of Eqtec Plc

Opinion

We have audited the financial statements of Eqtec Plc (the "Company") and its subsidiaries (together the "Group"), which comprise the Consolidated statement of profit or loss, Consolidated statement of other 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 2019 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 (IFRSs) as adopted by the European Union.

In our opinion:

- the consolidated financial statements give a true and fair view in accordance with IFRSs as adopted by European Union, of the assets, liabilities and financial position of the Group at 31 December 2019 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 IFRSs as adopted by European Union, of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its cash flows for the financial year then ended; and
- the financial statements have been properly prepared and 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, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. 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.

Material uncertainty related to going concern

In forming our opinion, which is not modified, we draw attention to the disclosures made in the Directors' Report, Notes 3 and 4 to the financial statements in respect of the ability of the Group to continue as a going concern. The Group incurred a net loss of €3,561,289 for the financial year ended 31 December 2019 and had net current liabilities of €1,953,659 and accumulated deficit of €56,011,538 as at 31 December 2019.

These conditions, along with the matters explained in the Directors' Report, Notes 3 and 4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The validity of the going concern basis is dependent on the continued development of the Group's sales pipeline and use of existing and future funding lines. Management plans in regard to these matters are also described in the Directors' Report, Notes 3 and 4. The Directors are confident that the finance will be secured, and the Group will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Emphasis of matter – Impairment of goodwill

In forming our opinion on the consolidated financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 19 to the consolidated financial statements concerning the Director's assessment of the impairment of the Group's goodwill which amounted to €15,283,459 and 75.62% of the Group's total assets. 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.

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. The consolidated financial statements do not reflect the adjustments that might arise should the assumptions used in the impairment model change.

Independent auditor's report to the members of Eqtec Plc *(continued)*

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 year 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.

In addition to the matter described in ''Material uncertainty related to going concern'', we have determined the matters described below to be the key audit matters to be communicated in our report.

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.

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, taking into account the nature of the Group'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 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, 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 as follows: 1% of total assets (excluding goodwill) for the financial year ended 31 December 2019. 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 set out 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 19). Goodwill amounted to €15,283,459 as of 31 December 2019. Eqtec Iberia SLU incurred losses amounting to €1,230,192 in 2019 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. 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, 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 IFRSs as adopted by European Union.

Independent auditor's report to the members of Eqtec Plc *(continued)*

Other information

Other information comprises information included in the Annual Report, other than the financial statements and our auditor's report thereon, including the 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 the management and those charged with governance for the financial statements

As explained more fully in the Statement of Directors' responsibilities, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs as adopted by the European Union, and for such internal control as directors determine necessary to enable the preparation of financial statements 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 orCompany 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

An 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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, the auditor exercises 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.

Independent auditor's report to the members of Eqtec Plc *(continued)*

Responsibilities of the auditor for the audit of the financial statements *(continued)*

- 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 and the 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 matter 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 the audit of the Group, the auditors' 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 Group financial statements. The auditor is responsible for the direction, supervision and performance of the audit, and the auditor remain solely responsible for the auditor's opinion.

The auditor also provides those charged with governance with a statement that they have complied with relevant ethical requirements regarding independence, and to communicate 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 year 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
For and on behalf of
Grant Thornton
Chartered Accountants & Statutory Audit Firm

Dublin 2

Date: 12 June 2020