

5 May 2023

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

Audited results for the year ended 31 December 2022

EQTEC plc (AIM: EQT), a global technology innovator powering distributed, decarbonised, new energy infrastructure through its waste-to-value solutions for hydrogen, biofuels and energy generation announces its audited results for the year ended 31 December 2022, with post-period progress.

Financial highlights

- Revenue and other operating income: €8.0 million (2021: €9.2 million)
- EBITDA loss before significant and non-recurring items: €4.9 million (2021: €3.8 million)
- Net assets: €37.1 million (31 December 2021: €43.4 million)
- Capital raise of £3.7 million (€4.2 million) through the placing of new shares
- Two loan facilities secured: one for up to £10 million (€11.3 million) and the other for £2 million (€2.3 million)

The net loss including significant and non-recurring items was €10.5 million (2021: €4.7 million), which included an investment impairment of €4.7 million in relation to the North Fork project in California.

Commercial and operational highlights

- Strong progress with Market Development Centres ("MDCs"):
 - Italy MDC construction completed, and commissioning commenced.
 - Croatia MDC funding identified for final construction and recommissioning.
 - France MDC acquired, and project buyer identified for sale of the project.
- EQTEC France launched as wholly owned subsidiary, with strong pipeline of projects particularly focused on renewable natural gas ("RNG") and advanced biofuels.
- Contaminated plastics added to EQTEC feedstock library after testing success, followed by collaboration agreement with French waste management company toward future plants.
- EQTEC R&D facility at Université de Lorraine ("UL") upgraded to support steam-oxygen gasification capabilities for testing of advanced biofuel solutions.
- Deeside project (UK) completed initial FEED, Livadia project (Greece) achieved 80% funding.
- North Fork project (USA) refinanced, and construction restarted; Southport and Billingham projects (UK) restructured to reduce EQTEC liabilities whilst maintaining rights to development fees due.

David Palumbo, CEO of EQTEC, commented:

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

We delivered focused, formative progress in three key areas of our business strategy. First, we pushed ahead with three MDCs, as demonstration of EQTEC's versatile syngas solutions in live, reference plants that deliver attractive returns through a variety of business models. Second, we took further steps in retaining our technology leadership, deploying upgraded R&D capability for regular testing of solutions for advanced biofuels such as RNG, hydrogen, liquid fuels such as sustainable aviation fuel (SAF) and for chemicals such as ethanol or methanol. Third, we released the Company from untenable liabilities in major projects and turned our attention to the Tier 1 and 2 leaders that will help us deploy our solutions through the world's best funded, best managed projects.

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

Current trading and outlook

- France and Italy leading execution of EQTEC business strategy, combining advanced capabilities, demonstration of EQTEC technology and collaboration with top-tier partners:
 - Mechanical and electrical completion of Italy MDC in 2022, followed by achievement of full operations in March 2023 with handover to the operating company expected imminently.
 - Visits by prospective customers throughout 2022 and early 2023 to Movialsa plant in Spain and now also to Italy MDC in Tuscany, with a full slate of visits planned to Italy MDC in 2023.

- Acquisition of France MDC in July 2022, followed by engagement of prospective buyer, confirmation of planning, feedstock and offtake arrangements; project sale expected in H1 2023.
- Launch into the contaminated plastic waste treatment business in France with French partner SEPS in March 2022, following completion of successful contaminated plastic waste trials.
- Following a competitive tender win, EQTEC and French utility partner IDEX awarded in March 2023 a waste-to-RNG project built on demonstrated R&D capabilities.
- Collaboration agreement in April 2023 between EQTEC and Poseidon LNG Hub, a sister company of Belleli Group and consortium including Linde, Wood, Alfa Laval and Chemprod.
- Built on collaboration agreement with major players, pipeline in Italy for at least four waste-to-RNG and waste-to-hydrogen solutions, also building on global partnership with Wood.
- Major UK, France and Ireland projects demonstrate EQTEC scale capability with target business models and top-tier customers:
 - Reconfiguration of near-premise Industrial business model at Deeside, Flintshire, UK for a more cost-effective, dual-technology facility deploying Anaergia, Inc. anaerobic digestion technology and EQTEC syngas technology for power offtake by neighbouring Toyota Motor Company engine production plant; initial FEED completed by global EPC Black & Veatch.
 - Updated financial modelling and development strategy for Billingham project, for an advanced facility that can support surrounding, large-scale Industrial offtakers in Teesside, with Petrofac appointed as the FEED partner and prospective EPC; engagement with neighbouring CF Fertilisers and other local players for purchase of advanced biofuels.
 - Progress toward acquisition of project at decommissioned, large-scale coal-fired power station at Gardanne, France, secured in Q1 2023; EQTEC leading feasibility work for an early-stage design of a clean, syngas-based production of RNG or other, advanced biofuels in support of Industrial and/or Municipal offtake customers.
 - Engagement underway toward Ireland-based projects in support of power, RNG or ethanol production to support Ireland's IT services industry, de-carbonise the national grid and create autonomous, sustainable alternatives to traditional energy solutions.
 - Appointed top-tier investment bank to approach large corporates in the growing market for large-scale, new energy infrastructure such as RNG, hydrogen and liquid fuels with a mandate to identify strategic investors at individual project, project portfolio and/or Group levels.
- Continued commitment to innovation and applied R&D:
 - Expansion of variable feedstock capabilities, including successful tests of plastics and polymers contaminated with fossil fuels and other chemicals that cannot be burned or put into landfill, and successful testing of high-humidity RDF (refuse-derived fuel).
 - Expansion of R&D capabilities for advanced offtake applications such as RNG, hydrogen, liquid biofuels, ethanol, methanol and other chemicals, through upgrade of R&D facility at the University of Lorraine to accommodate steam-oxygen gasification technology.
 - Active engagement of Wood VESTA technology for hydrogen or for RNG at multiple project opportunities, starting with Southport project in UK, with other opportunities in France, Italy.
 - Collaboration agreement with CompactGTL for development of liquid biofuels through EQTEC syngas technology and CompactGTL gas-to-liquids technology, at UK pilot plant.
 - Ireland project opportunity for development of integrated syngas-to-ethanol capability with new technology partner to be announced.
- Focus Plan in response to tighter market conditions, for prioritised, strategic execution:
 - Portfolio prioritisation with focus on completion and live operation of MDCs in Italy, Croatia and France, followed by development of scale capabilities at large facilities in UK, France and Italy.
 - Exited liabilities of €18 million+ through renegotiation of agreements at all three UK projects: Deeside, Billingham, Southport.
 - Focus on core capabilities, bringing on top-tier development, project management, FEED and EPC partners to support EQTEC's design, engineering and technology integration.

Annual report

The full, 2022 annual report, which addresses all the points above and which details full, financial results and other performance outcomes for the Company, may be found on the Company's website at <https://eqtec.com/investing-in-eqtec/>

Additionally, the full 2022 annual report for the Company is available at the following hyperlink:

http://www.rns-pdf.londonstockexchange.com/rns/4892Y_1-2023-5-4.pdf

The principal financial tables, extracted from the Annual Report, are set out below:

Consolidated statement of profit or loss for the financial year ended 31 December 2022

	Notes	2022 €	2021 €
Revenue	8	7,970,072	9,171,764
Cost of sales		(7,002,314)	(7,541,354)
Gross profit		967,758	1,630,410
Operating income/(expenses)			
Administrative expenses		(5,742,563)	(4,190,592)
Other income	9	33,645	-
Impairment costs	14	(2,752)	(5,498)
Other (gains)/losses	12	10,088	(1,418,860)

Employee share-based compensation	10	(340,257)	(205,648)
Foreign currency gains		<u>156,835</u>	<u>348,885</u>
Operating loss		(4,917,246)	(3,841,303)
Share of results from equity accounted investments	21	(52,059)	(24,188)
Gains from sales to equity accounted investments deferred	21	(28,378)	(211,478)
Loss/(gain) arising from loss of control of subsidiaries		(489)	9,957
Change in fair value of financial investments	23	(326,501)	(250,378)
Finance income	11	316,805	134,069
Finance costs	11	(589,618)	(517,108)
<i>Significant and non-recurring transactions:</i>			
Impairment of equity-accounted investment	15	(4,712,490)	-
Loss on disposal of tangible asset	15	<u>(154,205)</u>	<u>-</u>
Loss before taxation	14	(10,464,181)	(4,700,429)
Income tax	16	<u>(60,934)</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(10,525,115)</u>	<u>(4,700,429)</u>
Loss attributable to:			
Owners of the Company		(10,525,104)	(4,700,497)
Non-controlling interest		<u>(11)</u>	<u>68</u>
		<u>(10,525,115)</u>	<u>(4,700,429)</u>
		2022	2021
		€ per share	€ per share
Basic loss per share:			
From continuing operations	17	<u>(0.001)</u>	<u>(0.001)</u>
From continuing and discontinued operations	17	<u>(0.001)</u>	<u>(0.001)</u>
Diluted loss per share:			
From continuing operations	17	<u>(0.001)</u>	<u>(0.001)</u>
From continuing and discontinued operations	17	<u>(0.001)</u>	<u>(0.001)</u>

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

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

Consolidated statement of financial position at 31 December 2022

	Notes	2022	2021
		€	€
ASSETS			
Non-current assets			
Property, plant and equipment	18	133,053	446,861
Intangible assets	19	17,578,231	17,702,833
Investments accounted for using the equity method	21	7,619,514	8,074,184
Financial assets	22	3,728,434	4,050,030
Other financial investments	23	<u>171,186</u>	<u>506,976</u>
Total non-current assets		<u>29,230,418</u>	<u>30,780,884</u>
Current assets			
Development assets	25	6,033,543	3,455,496
Loan receivable from project development undertakings	25	5,446,087	3,000,469
Trade and other receivables	26	7,221,046	6,876,747

Cash and cash equivalents	27	<u>1,693,116</u>	<u>6,446,217</u>
Total current assets		<u>20,393,792</u>	<u>19,778,929</u>
Total assets		<u>49,624,210</u>	<u>50,559,813</u>
EQUITY AND LIABILITIES		€	€
Equity			
Share capital	28	26,799,584	25,977,130
Share premium	28	87,203,372	83,610,562
Other reserves	28	2,694,125	2,353,868
Accumulated deficit		<u>(77,305,919)</u>	<u>(66,177,072)</u>
Equity attributable to the owners of the company		39,391,162	45,764,488
Non-controlling interests	29	<u>(2,258,523)</u>	<u>(2,384,189)</u>
Total equity		<u>37,132,639</u>	<u>43,380,299</u>
Non-current liabilities			
Borrowings	30	1,064,598	-
Lease liabilities	31	-	<u>56,855</u>
Total non-current liabilities		<u>1,064,598</u>	<u>56,855</u>
Current liabilities			
Trade and other payables	32	6,264,404	6,921,806
Borrowings	30	5,106,038	-
Lease liabilities	31	<u>56,531</u>	<u>200,853</u>
Total current liabilities		<u>11,426,973</u>	<u>7,122,659</u>
Total equity and liabilities		<u>49,624,210</u>	<u>50,559,813</u>

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

Ian Pearson
Non-Executive Chairman
05 May 2023

David Palumbo
Chief Executive Officer
05 May 2023

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

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

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

	Notes	2022 €	2021 €
Cash flows from operating activities			
Loss for the financial year before income tax		(10,464,181)	(4,700,429)
Adjustments for:			
Depreciation of property, plant and equipment	18	239,233	156,520
Amortisation of intangible assets	19	124,602	72,685
Loss on disposal of tangible assets	15	154,205	-
Impairment of equity-accounted investments	15	4,712,490	-
Employee share-based compensation	10	340,257	205,648
Impairment of development assets	25	2,752	-
Share of loss of equity accounted investments	21	52,059	24,188
Gains from sales to equity accounted investments deferred	21	28,378	211,478
Loss/(gain) on loss of control of subsidiary	20	489	(9,957)
Change in fair value of financial investments	23	326,501	250,378
(Gain)/loss on debt for equity swap	12	(10,088)	1,418,860
Unrealised foreign exchange movements		<u>(319,440)</u>	<u>103,234</u>
Operating cash flows before working capital changes		(4,812,743)	(2,267,395)
Increase in:			
Development assets		(2,578,047)	(3,144,600)
Trade and other receivables		(2,837,708)	(5,946,010)
(Decrease)/increase in Trade and other payables		<u>(274,938)</u>	<u>3,432,256</u>
Net cash used in operating activities - continuing operations		(10,503,436)	(7,925,749)
Finance income	11	(316,805)	(134,069)
Finance costs	11	589,618	517,108
Taxes paid		<u>(108,311)</u>	<u>-</u>
Net cash used in operating activities		<u>(10,338,934)</u>	<u>(7,542,710)</u>
Cash flows from investing activities			
Addition to tangible assets	18	(79,199)	-
Additions to intangible assets	19	-	(1,000,000)
Payments on deposit on land	26	(586,421)	-
Cash inflow from disposal of subsidiary	33	170,000	-
Loans advanced to project development undertakings	25	(773,034)	(2,430,137)
Loans repaid by project development undertakings	25	100,000	-
Investment in equity accounted undertakings	21	(6,790)	(978,825)
Loans advanced to equity accounted undertakings	21	(2,852,699)	(3,746,984)
Loans repaid by equity accounted undertakings	21	40,018	-
Investment in related undertakings	22	(351,853)	(697,635)
Other advances to equity accounted undertakings		<u>(2,000)</u>	<u>(27,508)</u>
Net cash used in investing activities		<u>(4,341,978)</u>	<u>(8,881,089)</u>
Cash flows from financing activities			
Proceeds from borrowings and lease liabilities	30	7,236,850	1,391,174
Repayment of borrowings and lease liabilities	30	(1,126,483)	(3,031,724)
Loan issue costs	30	(334,557)	-
Proceeds from issue of ordinary shares	28	4,430,069	19,420,222
Share issue costs	28	(274,784)	(1,180,217)
Interest paid		<u>(3,284)</u>	<u>(20)</u>
Net cash generated from financing activities		<u>9,927,811</u>	<u>16,599,435</u>
Net (decrease)/increase in cash and cash equivalents		(4,753,101)	175,636
Cash and cash equivalents at the beginning of the financial year		<u>6,446,217</u>	<u>6,270,581</u>
Cash and cash equivalents at the end of the financial year	27	<u>1,693,116</u>	<u>6,446,217</u>

ENQUIRIES

EQTEC plc +44 20 3883 7009
David Palumbo / Nauman Babar

Strand Hanson - Nomad & Financial Adviser +44 20 7409 3494
James Harris / Richard Johnson

Panmure Gordon - Broker
John Prior / Hugh Rich

+44 20 7886 2500

Instinctif - Media & investor relations enquiries EQTEC@instinctif.com
Guy Scarborough / Tim Field +44 791 717 8920 / +44 788 788 4794

About EQTEC plc

As one of the world's most experienced gasification technology and engineering companies, with a growing track record of delivering operational and commercial success for transforming waste-to-energy through best-in-class technology innovation, engineering and project development, EQTEC brings together design innovation, project delivery discipline and solid commercial experience to add momentum to the global energy transition. EQTEC's proven, proprietary and patented technology is at the centre of clean energy projects, sourcing local waste, championing local businesses, creating local jobs and supporting the transition to localised, decentralised and resilient energy systems.

EQTEC designs, supplies and builds advanced gasification facilities in the UK, EU and US, with highly efficient equipment that is modular and scalable from 1MW to 30MW. EQTEC's versatile solutions process over 50 varieties of feedstock, including forestry wood waste, vegetation and other agricultural waste from farmers, industrial waste and sludge from factories and municipal waste, all with no hazardous or toxic emissions. EQTEC's solutions produce a pure, high-quality synthesis gas ("syngas") that can be used for the widest range of applications, including the generation of electricity and heat, production of synthetic natural gas (through methanation) or biofuels (through Fischer-Tropsch, gas-to-liquid processing) and reforming of hydrogen.

EQTEC's technology integration capabilities enable the Group to lead collaborative ecosystems of qualified partners and to build sustainable waste reduction and green energy infrastructure around the world.

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

Further information on the Company can be found at www.eqtec.com

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