26 June 2024

Directa Plus plc

(“Directa Plus” or the “Company” or, together with its subsidiaries, the “Group”)

FY23 Final Results

Directa Plus (AIM: DCTA), a leading producer and supplier of graphene-based products for use in consumer and industrial markets, announces final results for the year ended 31 December 2023.

Financial highlights

- Product sales and service revenue in line with previous year at €10.53m (2022: €10.86m)
- Total income (including grants) in line with previous year at €10.86m (2022: €11.28m)
- Adjusted LBITDA* decreased by 19% to €2.56m (2022: €3.15m)
- Loss before tax improved by 19% to €4.31m (2022: €5.33m)
- Reported (basic) Loss per share improved at €0.06 (2022: €0.07)
- Cash and cash equivalents at year end of €2.39m (2022: €5.73m)
- Total patents granted at year end of 86 (2022: 80)

** Adjusted LBITDA represents loss from operating activities before tax, interest, depreciation and amortization, adjusted by inventory write-offs, non-recurring legal expenses and onerous contract provision (please refer to the CFO statement for further details).*

Target market progress

Environmental Remediation (69% of revenue (2022: 75%))

- Grafysorber® technology rapidly gaining commercial traction as evidenced by the Group’s largest contract to date of €5.5m with LIBERTY Galati.
- Successful demonstration of pilot plant for the continuous treatment of produced water using Grafysorber®, further broadening the range of potential applications of Grafysorber®.
- Opportunity pipeline for Grafysorber® has continued to build strongly.

Textiles (30% of revenue (2022: 23%))

- Extended key customer agreements including with Miguel Caballero MC Armor in Latin America and Grassi SpA, who doubled order levels on 2022.
- Strengthened partnerships in the Year, extending graphene-enhanced products to consumers, with the launch of a new product, GRAPHITO, with Candiani Denim.

Others

- Directa Plus signed a strategically important deal to acquire the proprietary know-how to prepare tailored graphene compounds, initially for use in Batteries and Polymers.
- The Group entered into a strategic alliance with The SPECTRUM Group, to support Directa Plus’ expansion into the military technology sector in the US.
- The Group was awarded a new tender by the Italian Region of Lombardy as part of its 'Ricerca & Innova' programme to further develop Graphene Plus (G+) air filtration applications.

Post-period end

Within the Group's Environmental Division, Directa Plus acquired a further 49% stake in its subsidiary Setcar taking the Group's holding to 99.95%. This represents an exciting opportunity to take further control of the environmental supply chain and to maximise the returns for the Group against an expectation of accelerating growth in the shorter term. The total consideration was equal to €1.5 million, of which €1 million provided by Nant Capital LLC with a financing facility.

The Group is encouraged by a significant interest for Grafysorber® in North America, the Middle East and Southeast Asia, and by an increased demand in the defence sector, for both personnel protection and comfort, which is leading to the creation of a dedicated business unit.

The Group has recently announced the launch of a fundraise of gross £6.9 million, by way of a placing and subscription. The proceeds from the raise will be used to fund the acquisition of the minority interests in Setcar, for specific capital expenditures within the Environmental division and the production line, and as capital for growth by strengthening the commercial and operational division and providing working capital to facilitate the acceleration of in both the Group's primary and secondary vertical markets. The capital increase will be effective after the General Meeting approval to be held on 27 June 2024.

Commenting on the results, Giulio Cesareo, Founder & CEO, said: *"The Group delivered a good operational and financial performance in FY23, benefiting from improved margins driven by the growing value of our technology, successful innovation investments, and direct cost reductions. We also secured our largest contract to date with LIBERTY Galati demonstrating the building momentum for the Group's products and solutions.*

"Our increased stake in Setcar and the significant opportunities ahead, together with the capital increase to be finalised by the end of June 2024, provide confidence in the long-term success of the Group."

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Notes to Editors

Directa Plus (www.directa-plus.com) is one of the largest producers and suppliers of graphene-based products for use in consumer and industrial markets. The Company's graphene manufacturing capability uses proprietary patented technology based on a plasma super expansion process. Starting from natural graphite, each step of Directa Plus' production process - expansion, exfoliation and drying - creates graphene-based materials and hybrid graphene materials ready for a variety of uses and available in various forms such as powder, liquid and paste.

This proprietary production process uses a physical process, rather than a chemical process, to process graphite into pristine graphene nanoplatelets, which enables Directa Plus to offer a sustainable, non-toxic product, without unwanted by-products.

Directa Plus' products are made of hybrid graphene materials and graphene nano-platelets. The products (marketed as G+(R)) have multiple applications due to its properties. These G+(R) products can be categorised into various families, with different products being suitable for specific practical applications.

Directa Plus was established in 2005 and is based in Lomazzo (Como, Italy) and has been listed on the AIM market of the London Stock Exchange since May 2016. Directa Plus holds the Green Economy Mark from London Stock Exchange which recognises companies that contribute to the global green economy.

Chairman's statement

I am pleased to report a year of solid progress for Directa Plus, delivering against our four strategic pillars across each of our key verticals, particularly Environmental Remediation and Textiles, driven by a growing market demand for our graphene technology. Businesses are increasingly concerned with providing more sustainable products and solutions and our G+ technology has the ability to sit at the heart of this transformation globally.

The leadership team has focussed on client delivery and strengthening the business; improving its margins, securing new contracts, and further developing our technology.

With this continued development, the Group has built a significant pipeline of opportunities and tenders at various stages of development and across all verticals, including potential participation in a major contract being sought by Setcar. In order to invest further in the delivery of the Group's strategic plan, the Company announced a £6.9 million fundraise, post period end, on 11 June 2024 effected through a placing and subscription. The fundraise is expected to complete before the end of June, subject to the approval of shareholders at a General Meeting to be held on 27 June 2024, and will place the Group in a strong position to accelerate its growth and path to profitability.

Delivering on our strategy

We remain focused on delivering across the four pillars of our growth strategy: a unique, low-cost graphene production process; the manufacture of pristine graphene nanoplatelets free of chemical pollutants and tailored to customers' needs; a reduced time to market for new products, benefitting from considerable accumulated knowhow and strong IP; and market reach leveraged through carefully assessed partnerships.
The graphene market is growing at pace and Directa Plus has never been in a stronger position to capitalise on the building momentum. In 2023, the global graphene market was worth $195.7m and is expected to reach $256.7m in 2024 and grow at a CAGR of 35.1% from 2024 to 2030[1].

Good progress has been made in implementing our strategy in respect of our two main verticals – Environmental Remediation and Textiles – and we continue to assess and conservatively invest in other opportunities and new markets, in advance of the foreseeable growth in the graphene market. Post year end we increased our holding in Setcar S.A., our Environmental Remediation subsidiary, to 99.95%, to accelerate the commercialisation of our Grafysober technology and to capture value from the crystallisation of pipeline opportunities within the Environmental vertical. The €1.5m cost of acquisition was compelling to us and was part funded by a €1m loan from our major shareholder Nant Capital LLC which is to be repaid out of the proceeds of the fundraise.

Strengthening our offering

Directa Plus has made considerable progress in strengthening its offering and we have seen increasing traction for our products, resulting in exciting new contract wins, including in new markets, and strengthened partnerships.

Of particular note is the €5.5m, three-year contract secured by Setcar with LIBERTY Galati, the Group's largest contract to date. We also strengthened our partnerships in the year, extending graphene-enhanced products to consumers. We launched a new product, GRAPHITO, with Candiani Denim, and expanded our collaboration with Miguel Caballero MC Armor, solidifying Directa Plus as a partner and a driver of product innovation and sustainable textiles.

[1] Graphene Market Size, Share, Trends & Growth Report 2030 (grandviewresearch.com)

Alongside a clear focus on growing our core markets, we remain committed to investing appropriately in new markets and opportunities, capitalising on the growing demand for graphene and positioning ourselves for the high growth in the market. Notably, Directa Plus singed a landmark deal to acquire the proprietary know-how to prepare tailored graphene compounds, initially for use in Batteries and Polymers. The Group also entered a strategic alliance with The SPECTRUM Group, to support Directa Plus' expansion into the military technology sector in the US.

ESG

Directa Plus's product is chemical free and involves a low energy consumption production process. As businesses across all sectors are progressively turning towards more sustainable solutions, our graphene technology can confer material improvements in the performance and sustainability of our customers' products. Our Grafysober® technology, which is fast gaining traction, substitutes for the use of oil-based products and can be advantageously applied to oil and chemical decontamination, produced water and steel mill wastes.

We have built a strong and dedicated team to drive the growth of the business, and we recognise the value in supporting our employees to both maintain the ethos of the business and achieve the best return on effort. The Board is committed to pursuing good corporate governance and understands its importance in promoting the long-term growth of the business.

Summary and looking ahead

Directa Plus made good progress in 2023, securing new contracts, expanding into new markets and, in particular, growing its pipeline of opportunities. The Group strengthened its offering to serve its customers, met a growing demand for graphene and delivered against its growth strategy to advance the Group towards profitability. I would like to take this opportunity to thank our team for their dedication and hard work over the past year.

As the graphene market is forecast to expand considerably in 2024 and beyond, the Group has never been better positioned to capture the significant opportunities ahead and to deliver value across our growing network of partners and customers.

Richard Hickinbotham
Chairman
25 June 2024

Chief Executive Officer's Review

In FY23 Directa Plus secured new contracts in all verticals and across key geographies. This reflects the growing appetite for our graphene technology and its applications globally. During the year we focused heavily on improving margins through several commercial actions, including benefit from an increasing appreciation of the value of our technology, successful investment in innovation, direct cost reduction and the optimisation of our production process., We are now a more robust business that is well positioned to scale.

Directa Plus delivered revenues for FY23 of €10.5m, with a 19% decrease in adjusted LBITDA (€2.56m) vs 2022, which was in line with consensus market expectations. Year-end cash at €2.4m was 14% ahead of expectations, reflecting the Board's continued focus on improved gross margins and cash management.

We continued to deliver across the four pillars of our strategy - Process, Product, Time to Market and Partnerships - in all key verticals, and I am proud of the progress made in particular in our two core verticals, Environmental and Textiles, where we prioritised actions to shorten our time to market and secure new contracts. Highlights in the year included a €5.5m three-year contract with LIBERTY Galati in the Group’s Environmental division and an expansion of our contract with MC Armor in Latin America in Textiles.

As part of our strategy, we are also focused on investing appropriately in other valuable opportunities where we foresee significant future demand for our graphene, as demonstrated by the accelerated development of the Group’s graphene compounds for applications in the battery and polymer markets and the launch of Graphito, an eco-denim textile, in June 2023.

The Group is in the process of completing a capital raise post-period end, bolstering our ability to drive sustainable growth and financial returns through strategic investments.

Market opportunity

The global market for graphene is expected to grow significantly over the next 10 years. In 2023 the global graphene market was valued at USD 195.7 million and is projected to grow at a compound annual growth rate (CAGR) of 35.1% from 2024 to 2030.[2] The market is also expected to witness significant growth from increasing demand from research institutes and multinational companies for research and development.

The market opportunity for our graphene-based products is evident within our two main verticals. In Environmental, our Grafysorber® decontamination solution is gaining relevance and is proving to be more effective than other traditional offers available in the market. With an increased focus on Environmental, Social and Governance initiatives globally, corporations and governments are turning to more sustainable methods to positively impact the environment and Directa Plus’ products can play a critical role in this creation. In textiles, our graphene technology is experiencing greater traction, particularly in the defence and workwear sectors, where G+ can play an important role due to its advanced properties that provide tangible benefits to the final user. Within these verticals, we strengthened our position in Europe during the Year and are now exploring new geographical market opportunities such as North America and Southeast Asia.

In addition to our two main verticals, part of the Group’s strategy is focused on investing in valuable opportunities in which we have identified an increased market demand for graphene. We believe, for

[2] https://www.grandviewresearch.com/industry-analysis/graphene-industry

a relatively conservative investment, we can develop products that can generate high commercial traction, with a fast time to market, such as paints and batteries. The Group made good progress in these areas in FY23, securing new wins, grants and expanding our partner network.

Directa Plus' graphene-based paint solution provides enhanced anti-flame and anti-corrosion properties compared to normal paints and in 2023 we continued working with Pigmentsolution GmbH, a European distributor of speciality chemicals and ingredients, to support the development and distribution of Directa Plus's new patented Graphene Plus product, Grafyshield G+, initially in Germany, Austria, Switzerland and Poland, with the potential for further expansion in Europe.

The Group is currently exploring the use of G+ applications in the batteries, polymers and concrete industries and in December 2023 we signed a landmark agreement with an Italian innovator to acquire, for a modest cost, the proprietary know-how for a system capable of preparing tailored graphene compounds. The acquired technology accelerates our route to market by combining our proven G+® technology with a complementary system to produce market ready low-cost solutions, initially for batteries and polymers. The global market for batteries and polymers is experiencing exponential growth, driven by technological advancements, and increasing demand for sustainable materials, fuelled by the increase in demand for electric vehicles and the expansion of renewable energy storage systems. Similarly, the polymer industry is evolving with a focus on high-performance, sustainable materials, opening up new opportunities for innovation and growth.

Environmental Remediation (69% of annual revenue)

The Environmental division is the biggest driver of growth for Directa Plus and in recent years we have secured significant new contracts globally thanks to our well-proven and unique Grafysorber® technology. It is a hybrid graphene-based solution for treating water sludges and emulsions containing hydrocarbons and is at least five times more effective than current technologies - absorbing more than 100 times its own weight of oil-based pollutants which may then be recovered.

The Group's environmental remediation activities are principally carried out through Setcar, a subsidiary company based in Romania, which has accelerated the commercialisation of Grafysorber. In FY23, Setcar secured Directa Plus' largest contract to date with LIBERTY Galati, the largest integrated steel producer in Romania, to provide a solution for the treatment of oily mills sludge produced in the manufacturing of steel. This €5.5m three-year contract has the potential for further expansion up to a total value of €8.0m. Post-period end, Setcar renewed its contract with FORD Otosan, an automotive business in Romania owned by Ford Motor Company, for the fifth time, to deliver Total Waste Management Services (TWM) for a total value of €1.9m. Since the first contract was signed with FORD Otosan in 2020, following the Group's acquisition of Setcar, the annual contract value has now increased by a total of c. 46%.

Post-period end, the Group acquired a further 49% stake in Setcar, taking our shareholding to 99.95%. This acquisition represents an exciting opportunity for Directa Plus to take further control of the environmental supply chain and capture maximum value from the commercial offering made possible by our Grafysorber technology. Setcar is located in Braila, a location with high potential as it is just 10 km from the Ukraine border, on the Danube River. Braila has a river port and is a free zone. We believe Braila has potential to be a gateway to the forthcoming reconstruction of Ukraine and that the acquisition will also accelerate our ability to capture a larger share of the significant global environmental market from a highly strategic area.

The Group also launched a pilot for a new concept for produced water treatment using Grafysorber®, through Setcar, and is in line with the Group's strategy to adopt new technologies that can decontaminate and limit the waste of precious elements such as water.

Through integration with Setcar, Grafysorber has been developed over the past few years to generate new products and processes to enable the provision of environmental services. This has enabled us to secure larger contracts as evidenced in FY23 and now with multiple market opportunities, we are confident in further international expansion for this division.

Textiles (30% of annual revenue)
Directa Plus has a growing customer base within its Textiles vertical, evidenced by the increase in divisional revenues and growth in meters of produced product in FY23 as we expanded our range of applications. This year we have experienced an increased appetite for our products across the workwear and defence industries, where we see that the benefits of our technology are understood the most.

Workwear
In May 2023, the Group secured a new exclusive agreement with longstanding customer, Grassi SpA ('Grassi'), to expand the use of its Graphene Plus Thermal Planar Circuit® (PTC®) technology in the workwear and military markets. Grassi is a leading Italian workwear and outerwear manufacturer with a strong focus on innovation and sustainability and was the first manufacturer in the textiles vertical to integrate Directa Plus' G+® technologies into its product line. Directa Plus has been working in partnership with Grassi since 2017 to provide the workwear industry with sustainable clothing and has already supplied over 250,000 linear meters of graphene-treated lining to Italian public organisations. In 2023 alone, Grassi more than doubled its orders on previous 2022 levels. This expansion of our contract adds to the Company's recurring revenue stream on its Graphene Plus PTC® technology and demonstrates the continuing appetite from end users across the textile industry for garments which have no biological or environmental impact. The Group is currently in discussions with other international manufacturers for the use of Directa Plus' G+ technologies.

Defence
We experienced good traction in the defence sector in FY23 where we predict increasing volumes in the near-term as a result of ongoing developments with partners and potential customers. In December 2023, we announced a significant expansion of our contract with CIA Miguel Caballero, a prominent manufacturer of bulletproof vests and personal protective equipment (PPE), who we have partnered with since July 2022, as the manufacturer had exceeded their minimum contractual orders for the year. This demonstrates the appetite from CIA Miguel Caballero to use our innovative solutions as a way to produce safer, more advanced protective wear for individuals in high-risk professions.

Directa Plus also signed a strategic partnership with The SPECTRUM Group, a US strategic advisory and government relations firm, to explore the potential of G+® technologies in the US defence sector, in FY23. Spectrum will leverage its expertise and extensive network to support Directa Plus in driving its business expansion into the military technology sector. Since partnering with Spectrum, we have attended eight exhibitions for textiles from which we have generated several prospects that are testing industrial production with our technology, with potential opportunities in 2024, demonstrating the benefit partnerships can bring.

Luxury
During the year, Directa Plus launched GRAPHITO, in collaboration with Candiani Denim (Candiani), an international textile producer based in Italy, focused on innovation and sustainability. GRAPHITO is an eco-denim textile and represents a significant advancement in the sustainable fashion industry by addressing denim's environmental impact and extending the lifespan of denim garments. Directa Plus has been involved in the luxury market following our inception and continues to see orders and interest from well-known brands in the development of innovative, technical new products to add to their collections, providing the Group with confidence in the exciting opportunities ahead.

Air filters
Within the air filters space, the Group was awarded a new tender by the Italian Region of Lombardy as part of its 'Ricerca & Innova' programme to further develop Graphene Plus air filtration applications. The project is for an 18-month period and has a total value of c.€400,000, enabling the Group to continue investing in and developing our air filter applications, leveraging the antiviral and antimicrobial properties of our G+ technology.

Intellectual Property
As at December 2023, the Group's patent portfolio comprised 86 patents granted and 46 pending, grouped into 22 families. This has increased from 80 patents granted and 37 pending, in December 2022.

We aim to create value from our wide IP portfolio. Discussions on licensing contracts are ongoing with potential for further patent applications and awards in 2024.

Environmental, Social and Governance
Environmental, Social and Governance considerations are an important part of what drives Directa Plus' business.

Graphene Plus is a unique product, produced in a unique and sustainable way; G+® products are obtained through a proprietary patented process based on the physical transformation of natural graphite, characterised by: (i) a water-based process, (ii) no added chemistry, (iii) a high purity, and (iv) zero discharge of hazardous chemicals.

In our production process we consider raw materials supply chains, energy consumption, water and wastewater, atmospheric emissions, the production of waste and any effect on biodiversity. We are constantly assessing our production processes, working with recognised environmental organisations to ensure the safety and sustainability of our products. Our method of producing G+® always uses low energy consumption and generates low waste, making the entire process environmentally friendly.

With regards to our commercialisation strategy, it is our mandate to only work with environmentally responsible industrial partners, and to seek to improve products in existing markets. This means that we can help produce and sell better quality products than are currently available, with better performance and longer life for end-users.

In December 2021 Directa Plus received the Green Economy Mark from the London Stock Exchange, with over 75% of revenue contributions derived from the Environmental Remediation division.

Directa Plus employees are critical to the Group's success and the Board is focused on supporting each employee where possible. We are a responsible employer and carefully consider all aspects of employee rights, equal opportunities, health and safety at work and training and education. We also have a remuneration policy intended to attract, retain, and motivate high-calibre executives to deliver

outstanding shareholder returns and at the same time maintain an appropriate compensation balance with the other employees of the Group.

With respect to our local community, Directa Plus is well-known and deeply rooted in the Milan area. We promote our regional economy by identifying local suppliers, with whom it is possible to structure lasting partnerships. We believe it is essential to actively contribute to initiatives that can have a positive impact on the social fabric of the area.

The Board also fully supports good corporate governance and recognises that it enhances its decision-making processes by improving the success of the Company and increasing shareholder value over the medium to long-term.

ESG Rating

In 2022 Directa Plus engaged Integrum, an independent ESG ratings agency with the objective to gather initial data upon which the Company can enhance its ESG reporting and practices for transparency for all stakeholders. Integrum assessed and scored the Company against robust frameworks and was then ranked relative to specific sub-sector peers and overall rating of "B". Integrum reinstated the "B" rating for Directa Plus's performance in FY23.

Outlook

The Group delivered a good operational and financial performance in FY23, strengthening our path towards profitability. Our performance continues to provide confidence in our ability to capitalise on new market opportunities and leverage key partnerships to support expansion. We have continued to perform in line with our stated strategy to position ourselves as a much stronger business.

We are seeing increasing traction in graphene technology and its applications globally and I am confident we have the right strategy and team in place to capture this growing market demand.

Giulio Cesareo
Chief Executive Officer
25 June 2024

Chief Financial Officer's Review

The key focus in 2023 has been on improving margins and tightly managing the Group's cash resources, demonstrated by this year's financial performance. The finance team has remained focussed on supporting the Group's strategic decision making, managing financial resources efficiently and mitigating risks.

The Group continues to invest in line with its strategic plan to accelerate business growth and accelerate its path towards profitability. The capital raise to be finalised by the end of June 2024, subject to the shareholders' approval, will play a critical role in accelerating this growth through strengthening the operational and financial capabilities of the Group.

Key Performance Indicators

The Board measures the performance of the Group through several important KPIs. As a growing business operating across different vertical markets, identifying measurable data that will provide useful insight year-on-year is not always straightforward but the KPIs below aim to help shareholders navigate the Group's progress:

- Product sales and service revenue was in line with previous year at €10.53m (2022: €10.86m)
- Total income (including grants) was in line with previous year at €10.86m (2022: €11.28m)
- Adjusted LBITDA* decreased by 19% to €2.56m (2022: €3.15m), in line with market expectations
- Loss before tax improved by 19% to €4.31m (2022: €5.33m)
- Reported (basic) Loss per share improved to €0.06 (2022: €0.07)
- Cash and cash equivalents at year end of €2.39m (2022: €5.73m) was ahead of market expectations

** Adjusted EBITDA loss represents results from operating activities before tax, interest, depreciation and amortisation, adjusted by one-off provisions, inventory write-offs, non-recurring legal expenses and onerous contract provision (details overleaf).*

Financial review

2023 continued to be a difficult trading environment as markets globally faced challenges stemming from adverse macroeconomic and geopolitical conditions, following high inflation in 2022 and resulting in significantly higher interest rates during the year.

The Group has continued to strategically address the inevitable inflationary cost increases to preserve and improve margins whilst conserving cash. During FY23, this resulted in:

- Successful renegotiation of the Group's main contracts, reflecting the value our customers place on our technology and solutions.
- Achieving some significant reduction in direct production cost (approximately 60-70%) through targeted investments in our production process, and
- Optimisation of general expenses.

Whilst revenue remained flat, these efforts yielded positive results delivering an improved adjusted LBITDA position of 19% vs 2022 at €2.56m.

In response to the high interest rates prevailing in the market, the Group also implemented a more cautious treasury management strategy, with the objective of securing improved levels of interest on cash held in bank accounts, thereby mitigating cash consumption by a further €46k in 2023.

Cash at the year-end was €2.39 million, with the benefit of a reduction in the monthly cash burn rate during FY23.

Post-period end, the Group's fundraise, to be finalised by the end of June 2024 subject to the shareholders' approval, will generate gross proceeds of c. £6.9 million through a placing and subscription, involved the issuance of up to 37,805,551 new Ordinary Shares at a price of 18p each. The capital raised will be utilised to accelerate additional investment in the development of both primary and secondary vertical markets, to shorten the path to profitability, and maintain momentum on the medium/long term opportunities.
The proceeds from the capital raise will be applied as follows:

- £1.5 million for the Setcar acquisition - approximately £860,000 to repay the loan provided by Nant Capital LLC which was used to part pay the €1.5 million acquisition of the minority interest (49%) in Setcar alongside £0.6 million to strengthen the internal cash resources of Setcar;
- £1.1 million for capital expenditure in dedicated equipment within the Environmental division and improvements in the production line with a Nitrogen production unit to replace Argon; and
- £2.4 million for capital for growth by strengthening the commercial and operational capabilities of the Directa Plus team:
    - £1.0 million for new hires for the internal salesforce alongside agents and professional services to access to new markets (US and Asia) and adding a new expert engineer alongside additional technical and operating hires in Setcar;
    - £0.4 million to strengthen the operational capabilities and professional support to improve the production line and further the direct cost reduction;
    - £0.5 million to maintain momentum on other opportunities focused on research and development.
- The balance of the fundraise to go towards general working capital needs to support growth.

Looking ahead, the Group's short-term priorities remain focused on reducing cash consumption and enhancing profitability.

Alternative performance measures

This report includes both statutory and adjusted financial measures, the latter of which the Directors believe better reflect the underlying performance of the Group by excluding certain items that if included could distort a reader's understanding of the results.

The table below shows a reconciliation of statutory and adjusted measures for LBITDA and Loss before taxation.

€ million	**2023**	**2022**
Result from operating activities	**(4.18)**	**(5.02)**
(+) Depreciation and amortisation	1.27	1.40
LBITDA	**(2.91)**	**(3.61)**
(+) One-off provision	0.28	0.00
(+) Inventory write-off	0.17	0.11
(+) Lawsuit expenses	0.05	0.16
(+/-) Onerous contracts provision	(0.15)	0.19
Adjusted LBITDA	**(2.56)**	**(3.15)**

€ million	**2023**	**2022**
Loss before tax	**(4.31)**	**(5.33)**
(+) One-off provision	0.28	0.00
(+) Inventory write-off	0.17	0.11
(+) Lawsuit expenses	0.05	0.16
(+/-) Onerous contracts provision	(0.15)	0.19
(+/-) FX gain/loss	(0.03)	0.20

Adjusted Loss before tax	(3.99)	(4.67)

Adjustments refer to:

- a bad debt provision of €0.28 million referred to unpaid receivables referred to contracts carried out in 2021 and 2022;
- an inventory write-off of €0.17 million in 2023 and €0.11 million in 2022, attributable to obsolete Co-Masks which are now experiencing a low market demand following the end of the Covid-19 pandemic. The obsolete Co-Masks are now fully written-off;
- legal costs of €0.05 million in 2023 and €0.16 million in 2022 linked to the protection of Directa Plus' IP portfolio and disbursements relating to a lawsuit that dates back to 2017;
- a provision of €0.19 million in 2022 for the total expected loss on the conclusion of an onerous long-term contract where recovery was deemed uncertain under IFRS15, which was reversed out in 2023 after the conclusion of the contract, and provision of €0.04 million accounted in 2023 for the total expected loss in 2024 on the conclusion of an onerous long-term contract in Laos; and
- non-cash exchange rate effects, especially on the conversion of GBP cash balances to Euro.

A description of the principal risks and uncertainties facing the Group is set out in the Directors' Report of the Annual Report.

Giorgio Bonfanti
Chief Financial Officer
25 June 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In Euro	Note	31-Dec-23	31-Dec-22
Continuing operations			
Revenue	3	10,530,395	10,856,144
Other income	3	332,963	424,926
Changes in inventories of finished goods and work in progress		(247,961)	(191,510)
Raw materials and consumables used	6	(5,350,490)	(5,856,661)
Employee benefits expenses	7	(4,444,577)	(4,424,087)
Depreciation and amortisation	11/12	(1,270,193)	(1,403,932)
Other expenses	8	(3,734,813)	(4,421,177)
Results (used in) operating activities		**(4,184,676)**	**(5,016,298)**
Finance income	9	72,270	5,904
Finance expenses	9	(194,660)	(317,804)
Net finance costs		**(122,390)**	**(311,900)**
Loss before tax		**(4,307,066)**	**(5,328,198)**
Tax income	10	31,718	53,197
Loss after tax from continuing operations		**(4,275,348)**	**(5,275,001)**
Loss of the year		**(4,275,348)**	**(5,275,001)**
Other Comprehensive expense items that will not be reclassified to profit or loss			
Defined Benefit Plan re-measurement gains and losses	20	(10,769)	(6,790)
Other comprehensive expense for the year (no tax impact)		**(10,769)**	**(6,790)**
Total comprehensive expense for the year		**(4,286,117)**	**(5,281,791)**
Loss attributable to			
Owner of the Parent		(3,856,103)	(4,822,044)
Non-controlling interests		(419,245)	(452,957)
		(4,275,348)	**(5,275,001)**
Total comprehensive expense attributable to:			
Owners of the Company		(3,866,872)	(4,828,834)
Non-controlling interests		(419,245)	(452,957)
		(4,286,117)	**(5,281,791)**
Loss per share			
Basic loss per share	24	(0.06)	(0.07)
Diluted loss per share	24	(0.06)	(0.07)

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

		Group		Company	
In Euro	**Note**	**31-Dec-23**	**31-Dec-22**	**31-Dec-23**	**31-Dec-22**
Assets					
Intangible assets	11	1,436,684	1,664,666	-	-
Investments	13	-	-	18,622,777	30,260,336
Property, plant and equipment	12	3,290,809	3,861,151	-	-
Other receivables	14	162,923	69,720	-	-
Non-current assets		**4,890,416**	**5,595,537**	**18,622,777**	**30,260,336**
Inventories	5	881,450	1,121,912	-	-
Trade and other receivables	14	4,396,748	4,115,846	96,265	114,884
Cash and cash equivalent	16	2,393,303	5,727,768	1,024,286	3,787,989
Current assets		**7,671,501**	**10,965,526**	**1,120,551**	**3,902,873**
Total assets		**12,561,917**	**16,561,063**	**19,743,328**	**34,163,209**
Equity					
Share capital	17	205,469	205,469	205,469	205,469
Share premium	17	39,181,789	39,181,789	39,181,789	39,181,789
Foreign Currency Translation Reserve	17	(44,902)	(39,161)	-	-
Accumulated losses	17	(33,882,143)	(30,069,844)	(19,770,339)	(5,346,322)
Equity attributable to owners of Group		**5,460,213**	**9,278,253**	**19,616,919**	**34,040,936**
Non-controlling interests	17	1,121,911	1,546,887	-	-
Total equity		**6,582,124**	**10,825,140**	**19,616,919**	**34,040,936**
Liabilities					
Loans and borrowings	18	1,528,108	1,378,141	-	-
Lease liabilities	19	183,056	395,260	-	-
Employee benefits provision	20	357,520	554,444	-	-
Other payables	21	64,014	64,366	-	-
Deferred tax liabilities	15	-	33,095	-	-
Non-current liabilities		**2,132,698**	**2,425,306**	-	-
Loans and borrowings	18	742,904	767,677	-	-
Lease liabilities	19	206,509	239,068	-	-
Trade and other payables	21	2,856,835	2,112,875	126,409	122,273
Provision	22	40,847	190,997	-	-
Current liabilities		**3,847,095**	**3,310,617**	**126,409**	**122,273**
Total liabilities		**5,979,793**	**5,735,923**	**126,409**	**122,273**
Total equity and liabilities		**12,561,917**	**16,561,063**	**19,743,328**	**34,163,209**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company loss after tax for the year was €14,509,549 (2022: €1,200,138). The loss in 2023 was mainly attributable to the impairment loss on the investment held by Directa Plus plc in Directa Plus S.p.A. for a total amount of c. €13.6 million. An impairment trigger was identified following a decrease in the market capitalisation of the Group over the last 12 months.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In Euro	Share Capital	Share premium	Foreign curreny translation reserve	Accumulated deficit	Total	Non-controlling interests	Total equity
Balance at 31 December 2021	**205,393**	**39,159,027**	**(23,109)**	**(25,352,139)**	**13,989,172**	**2,041,938**	**16,031,110**
Total comprehensive expense for the year							
Loss of the year	-	-	-	(4,822,044)	**(4,822,044)**	(452,957)	**(5,275,001)**
Total other comprehensive expense	-	-	-	(6,790)	**(6,790)**	-	**(6,790)**
Total comprehensive expense for the period	**-**	**-**	**-**	**(4,828,834)**	**(4,828,834)**	**(452,957)**	**(5,281,791)**
Capital raised and exercise of share option	76	22,762	**.**		**22,838**	**-**	**22,838**
Expenditure related to the issuance of shares	**-**	**-**	-	**-**	-	**-**	**-**
Translation reserve	**-**	**-**	(16,052)	**-**	**(16,052)**	**-**	**(16,052)**
Share-based payment decrease	**-**	**-**	**-**	111,130	**111,130**	**-**	**111,130**
Increase in share capital of Setcar	-	-	-	-	-	(42,094)	**(42,094)**
Balance at 31 December 2022	**205,469**	**39,181,789**	**(39,161)**	**(30,069,843)**	**9,278,254**	**1,546,887**	**10,825,141**
Total comprehensive expense for the year							
Loss of the year	-	-	-	(3,856,103)	**(3,856,103)**	(419,245)	**(4,275,348)**
Total other comprehensive expense	-	-	-	(10,769)	**(10,769)**	-	**(10,769)**
Total comprehensive expense for the period	**-**	**-**	**-**	**(3,866,872)**	**(3,866,872)**	**(419,245)**	**(4,286,117)**
Translation reserve	**-**	**-**	(5,741)	**-**	**(5,741)**	(5,731)	**(11,472)**
Share-based payment	**-**	**-**	**-**	54,573	**54,573**	**-**	**54,573**
Balance at 31 December 2023	**205,469**	**39,181,789**	**(44,902)**	**(33,882,143)**	**5,460,213**	**1,121,911**	**6,582,124**

COMPANY STATEMENT OF CHANGES IN EQUITY

In Euro	**Share capital**	**Share premium**	**Accumulated deficit**	**Total equity**
Balance at 31 December 2021	**205,393**	**39,159,027**	**(4,220,247)**	**35,144,173**
Loss for the year	-	-	(1,200,138)	**(1,200,138)**
Capital raised and exercise of share option	76	22,762	-	**22,838**
Expenditure related to the issuance of shares	-	-	-	**-**
Share-based payment	-	-	74,063	**74,063**
Balance at 31 December 2022	**205,469**	**39,181,789**	**(5,346,322)**	**34,040,936**
Loss for the year	-	-	(14,509,549)	**(14,509,549)**
Capital raised and exercise of share option	-	-	-	**-**
Expenditure related to the issuance of shares	-	-	-	**-**
Share-based payment	-	-	85,532	**85,532**
Balance at 31 December 2023	**205,469**	**39,181,789**	**(19,770,339)**	**19,616,919**

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

		Group		Company	
In Euro	**Note**	**2023**	**2022**	**2023**	**2022**
Cash flows from operating activities					
Loss for the year before tax		(4,307,066)	(5,328,198)	(14,509,549)	(1,200,138)
Adjustments for:					
Depreciation	12	817,611	861,125	-	-
Amortisation of intangible assets	11	452,582	542,807	-	-
Disposal loss on tangible assets		24,014	20,509	-	-
Share-based payment expense	7	54,573	111,130	85,532	74,063
Finance income	9	(72,270)	(5,904)	(39,214)	-
Finance expense		175,350	303,044	3,018	209,818
Interest of lease liabilities	9	19,310	14,760	-	-
Impairment of investments	13	-	-	13,602,359	-
		(2,835,896)	**(3,480,727)**	**(857,854)**	**(916,257)**
Decrease/(Increase) in:					
- inventories		240,461	248,963	-	-
- trade and other receivables	14	(374,105)	(694,450)	18,619	90,407
- trade and other payables		712,208	120,918	4,136	(49,545)
- provisions and employee benefits		(224,170)	28,819	-	-
- Other provision	22	(150,150)	190,997	-	-
Net cash used in operating activities		**(2,631,652)**	**(3,585,480)**	**(835,099)**	**(875,395)**
Cash flows from investing activities					
Interest received	9	46,108	5,904	-	-
Investment in intangible assets		(213,538)	(415,195)	-	-
Investment in subsidiary	13	-	-	(1,964,800)	(4,580,000)
Acquisition of property, plant and equipment		(271,281)	(759,821)	-	-
Net cash used in investing activities		**(438,711)**	**(1,169,112)**	**(1,964,800)**	**(4,580,000)**
Cash flows from financing activities					
Proceeds from Capital raise and exercise of share options	17	-	22,838	-	22,838
Interest on loan and other financial costs	9	(159,225)	(97,456)	(3,018)	(2,042)
New borrowings	18	945,278	988,938	-	-
Repayment of borrowings	18	(820,084)	(1,312,840)	-	-
Repayment of lease liabilities		(244,762)	(223,197)	-	-
New lease liabilities		-	191,700	-	-
Net cash (used in)/ from financing activities		**(278,793)**	**(430,017)**	**(3,018)**	**20,796**
Net (decrease) in cash and cash equivalent		**(3,349,156)**	**(5,184,609)**	**(2,802,917)**	**(5,434,599)**
Cash and cash equivalent at beginning of the year		**5,727,768**	**11,130,468**	**3,787,989**	**9,430,364**
Exchange gains/(losses) on cash and cash equivalents		**14,691**	**(218,091)**	**39,214**	**(207,776)**
Cash and cash equivalent at end of the year		**2,393,303**	**5,727,768**	**1,024,286**	**3,787,989**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Basis of preparation

a) Statement of compliance

These consolidated and parent Company financial statements have been prepared in accordance with UK-adopted International Accounting Standards (IFRSs). The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year, unless otherwise stated.

All notes, except as otherwise indicated, are presented in Euros ("€").

I.Going Concern

The going concern assessment of the Parent Company has been performed as part of the Group's going concern assessment.

The Group meets its working capital requirements through the receipt of revenues from the provision of its services and sale of products mainly in Europe, the management of capital and operating expenditure, the working capital and other borrowing facilities available to it and from the issue of equity capital.

The conflict in Ukraine and Middle East, high inflation and increased interest rates by the Central Banks have been an additional cause of uncertainty over the macro-economic outlook, affecting both the political and business environments. These events have had a significant impact on global economies and markets, and on the operations and operational funding of companies experiencing widespread inflationary cost pressures and supply chain disruption.

Management believes that the Group has the systems and protocols in place to address the challenges, however at the date of approval of these financial statements it is not clear how long the current circumstances are likely to last and what the long-term impact will be.

The Group held cash and cash equivalents of Euro 2.39 million at 31 December 2023 (31 December 2022: Euro 5.73 million) and is currently funded through Euro 6.79 million of shareholder equity and Euro 2.27 million of loans and bank debt, most of which are repayable over four years. As of 31 May 2024, the Group held €0.86m of gross cash. Post period, on 11 June 2024 the Group announced the launch of a fundraise of £6.9 million, by way of a placing and subscription, to fund the acquisition of the minority interests of its subsidiary Setcar and to sustain the expected high growth of the business. The capital raise will be effective subject to shareholders' approval at a General Meeting to be held on 27 June 2024.

The Directors prepared a cash flow forecast for the Group and the Parent Company for the period to December 2025 to assess if there is sufficient liquidity in place to support the plan and strategy for the future development of the Group. This forecast showed that the Group and the Parent Company, subject to the finalisation of the capital raise, will have sufficient financial headroom for the entire forecast period if reasonably plausible downside scenario do not occur. In respect of the capital raise, at the date of signing these financial statements, the Company has a formal commitment by participating investors and the success of the capital raise is only dependent on the shareholders' approval during the General Meeting to be held on 27 June 2024. There is however no guarantee that the capital raise will complete, and within the necessary timeframe, nor that the funding to meet the Group's obligations will be secured. In the event the fund raise is not approved or does not complete,

the Group will immediately need to seek alternative forms of funding, such as debt financing or sale of assets.

In addition, the Directors, in formulating the plan and strategy for the future development of the business, considered reasonably plausible downside scenarios, including reductions in forecast revenues and gross margin. Under those stressed scenarios which considered the funding from the proposed capital raise, the Group could exhaust its cash resources before December 2025, and therefore be required to raise additional funding which is not guaranteed.

As such, the Parent Company and the Group are dependent on raising the required funds from the successful completion of the proposed capital raise within the necessary timeframe; and are also dependent on raising additional funding in the event that plausible downside scenarios occur, which are not guaranteed.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as going concerns and therefore, the Group and the Parent Company may be unable to realise their assets or discharge their liabilities in the normal course of business. The Directors review regularly updates to the scenario planning such that it can put in place mitigating actions and maintain the viability of the company and will keep stakeholders informed as necessary.

Based on the analysis above, and that it is in the interest of the Company's shareholders to approve and finalise the capital raise, the Directors have a reasonable expectation that the capital raise will be successful with the required funds and within the necessary timeframe and, in the event of the stress test scenario occurring, the Group and the Company will be able to raise additional funding and will have adequate resources to support their activities for the foreseeable future. The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements. The financial statements have therefore been prepared on the going concern basis. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as going concerns.

b) Basis of consolidation

I. Subsidiaries

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

II. Transactions eliminated on consolidation

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

III.Non-controlling interest

Non-controlling interest in the net assets of the consolidated subsidiaries are identified separately from the Group's equity. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share changes in equity since the date of the combination. The non-controlling interest's share of losses, where applicable, are attributed to the non-controlling interests irrespective of whether the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.

c) Functional and presentation currency

These financial statements are presented in Euro ("€") and is considered by the Directors to be the most appropriate presentation currency to assist the users of the financial statements. The functional currency of the Company and of the Italian operating subsidiaries is Euro ("€"). The functional currency of the Romanian subsidiary is Romanian Leu.

d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period.

Critical estimates and judgements that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk of resulting in a material adjustment within the next financial year are as follows.

Estimates

Management identified the following estimates for the preparation of the financial statements. The Group has not made any material judgments.

I.Valuation of share based payments

The estimation related to share-based payment expenses includes the selection of an appropriate valuation option pricing model, consideration as to the inputs necessary for the valuation model chosen, and the estimation of the number of awards that will ultimately vest. Inputs subject to estimation relate to the future volatility of the share price which has been estimated based on the

historical observed volatility from trading in the Company's shares, over a historical period of time between the date of the grant and the date of exercise. Management has used a Monte-Carlo model to calculate the fair value of the awards which include market based performance conditions. Further disclosure of inputs relevant to the calculations is set out in note 25 to the financial statements.

II.Carrying value of goodwill

The carrying value of goodwill, and the cash generating units (CGUs) to which it relates, is assessed annually for impairment through comparing the recoverable amount to the CGU's carrying value. To determine the recoverable amount of the CGU, being the Group a public company listed on the AIM market of the London Stock Exchange, Management considers the Group's market capitalisation at the end of the reporting period as an indicator of its fair value. If the market capitalisation exceeds the CGU's carrying value, no impairment is needed. Further disclosure of evaluations is set out in note 11 to the financial statements.

III.Valuation of inventory

Inventories are stated at the lower of cost or net realisable value. The cost of inventories comprises of net prices paid for materials purchased, production labour cost and factory overhead. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Inventory provisions are recognised for slow-moving, obsolete or unsalable inventory and are reviewed on a six-monthly basis. The valuation of Inventory includes key estimates and judgments made by Management including normal production capacity, market demand and selling opportunities. If actual demand or usage were to be lower than estimated, additional inventory provisions for excess or obsolete inventory may be required.

IV.Investments

Judgement is required over the recoverability of any amounts invested into subsidiary companies, Management considers the Group's market capitalisation at the end of the reporting period as an indicator of the fair value of the assets owned and managed by these subsidiaries. As each of the subsidiaries are owned (directly or indirectly) by the Company the creditworthiness of the subsidiary is the same as the creditworthiness of the Company. Further details are set out in note 13.

V.Revenue recognition and long-term contract accrued income

The determination of anticipated costs for completing a contract is based on estimates that can be affected by a variety of factors such as potential variances in scheduling and cost of materials along

with the availability and cost of qualified labour and subcontractors, productivity, and possible claims from subcontractors.

The determination of anticipated revenues includes the contractually agreed revenue and may also involve estimates of future revenues from claims and unapproved variations, if such additional revenues can be reliably estimated and it is considered probable that they will be recovered.

A variation results from a change to the scope of the work to be performed compared to the original contract signed. An example of such contract variation could be a change in the project specification, whereby costs related to such variation might be incurred prior to the client's formal contract amendment signature. A claim represents an amount expected to be collected from the client or a third party as reimbursement for costs incurred that are not part of the original contract.

A modification is only then accounted for as a separate contract if the goods and services are distinct in that the customer can benefit from the good or service on its own. In both cases, management's judgments are required in determining the probability that additional revenue will be recovered from these variations and in determining the measurement of the amount to be recovered. As risks and uncertainties are different for each project, the sources of variations between anticipated costs and actual costs incurred will also vary for each project. The long-term nature of certain arrangements usually results in significant estimates related to scheduling and prices. The determination of estimates is based on internal policies as well as historical experience. Furthermore, management regularly reviews underlying estimates of project profitability. In FY23 the Group applied this accounting treatment for one specific long-term contract in its Environmental Remediation services in Laos.

VI.Onerous contract provision

The determination of the minimum unavoidable loss to complete a contract is based on estimates that could be affected by a variety of factors including cost of materials, cost of labour, productivity and variations. Management reviews all contracts on a regular basis to identify indications that a contract may be onerous. Where sufficient evidence exists that a contract will be onerous Management provide for the total anticipated loss on the contract immediately.

2. Significant accounting policies

a) Functional currency

The financial statements of each Group company are measured using the currency of the primary economic environment in which that company operates (the functional currency). The consolidated financial statements record the results and financial position of each Group company in Euro, which is the functional currency of the Company and the presentational currency for the consolidated financial statements.

I. Transaction and balances

Transactions in foreign currencies are converted into the respective functional currencies at initial recognition, using the exchange rates at the transaction date. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling at the reporting date. Non-monetary assets and liabilities are not retranslated. All exchange differences are recognised in profit or loss. On consolidation, the results of overseas operations not in Euro are translated at the rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at closing rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

b) Financial instruments

There are no other categories of financial assets other than those listed below:

I. Trade and other receivables and amount due from subsidiaries

Trade and other receivables and amounts due from subsidiaries are recognised and carried at the original invoice amount less any provision for impairment.

The Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets that are measured at amortised cost which comprise mainly of trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL on trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

II. Cash and cash equivalents

Cash and cash equivalents comprise demand deposits with an original maturity of up to 3 months which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

There are no other categories of financial liabilities other than those listed below:

III. Trade and other payables

Trade payables are stated at their amortised cost.

IV. Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. At initial recognition, financial liabilities are measured at their fair value, minus transaction costs that are directly attributable, and are subsequently measured at amortised cost.

An equity instrument is any contract that evidences a residual interest in the asset of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

V. Leases

On commencement of a contract which gives the Group the right to use assets for a period of time in exchange for consideration, the Group recognises a right-of-use asset and a lease liability. 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 payment 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 payment 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, 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 reducing for payment 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.

c) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are netted off against share premium.

d) Property, plant and equipment

I. Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation, Government grants received (where applicable) and accumulated impairment losses.

Costs capitalised include expenditure that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) are recognised in profit or loss.

II. Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

III. Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in the statement of comprehensive income over the estimated useful lives of each component.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives of significant items of property, plant and equipment are as follows:

- IT equipment from 3 to 5 years
- Industrial equipment, office equipment and plant and machinery from 5 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted where appropriate.

e) Intangible assets

Intangible assets are measured at cost less accumulated amortisation and Government grants received (where applicable). The carrying value of intangible assets is reviewed annually for impairment.

Patent rights acquired and development expenditure are recognised at cost.

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product
- adequate resources are available to complete the development
- there is an intention to complete and sell the product
- the Group is able to sell the product
- sale of the product will generate future economic benefits, and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the period the Group expects to benefit from selling the products developed (Useful Economic Life). The amortisation expense is included within the cost of sales in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

I. Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful lives of significant intangible assets are as follows:

- Patents concerning G+® technology generate significant value to the Group over a period of 20 years, in line with the legal duration of the patent and their useful lives. However, given the risk of technical obsolescence, such costs are amortised over a period of 10 years.
- Brand: 5 years
- Development costs concerning personnel capitalized: 5 years
- Others: 5 years

f) Inventories

Inventories are stated at the lower of cost or net realisable value. The cost of inventories comprises of net prices paid for materials purchased, production labour cost and factory overhead. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be

incurred in marketing, selling and distribution. Inventory provisions are recognised for slow-moving, obsolete or unsalable inventory and are reviewed on a six-month basis.

g) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

h) Impairment

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (CGUs). The Group’s CGUs generally align with each subsidiary. The recoverable amount is then estimated. The recoverable amount of an asset or a CGU is the greater of its net present value and its fair value less costs to sell.

Net present value is generally computed as the present value of the future cash flows, discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the

estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

i) Employee benefits

Defined benefit scheme surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- Unrecognised past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest exclusive).

Service costs are recognised in profit or loss and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in profit or loss and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

For more information, please see note 20.

j) Revenues

The Group operates diverse businesses and accordingly applies different methods for revenue recognition, based on the principles set out in IFRS 15.

The revenue and profits recognised in any reporting period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer. In determining the amount of revenue and profits to record, and associated balance sheet items, management is required

to review performance obligations within individual contracts. This may involve some judgemental areas.

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer.

- Revenues from sale of graphene-based products are typically recognised at a point in time when goods are delivered to the customer as with this, the customer gains the right of control over the goods. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer.
- Revenues from services relates mainly to environmental services provided by Setcar which are recognised:
    - at a point in time basis when contracts include an obligation to process waste once the process occurred according with the contract in place.
    - at the point in time when the waste is delivered to our platform with no further performance obligations.
    - over time in accordance with agreed project milestones being delivered.

Fixed price long-term service agreements are recognised over time according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed relative to the total estimated costs.

The Group excludes the measure of progress of any goods or services for which the entity has not transferred control to a customer, such as costs which are excluded from the progress measurement including those costs related to inefficiencies or unproductive time.

Contract costs are recognised in the income statement when incurred. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised immediately. As per IAS 37 an onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. In line with the principles of IAS 37 the loss will be recognised if there is a present obligation, payment

is probable and the amount can be estimated reliably. The amount recognised will be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

k) Government grants

Government grants are recognised when there is reasonable assurance that the entity will comply with the relevant conditions and the grant will be received. Grants are recognised in profit or loss on a systematic basis where the Group has recognised the initial expenses that the grants are intended to compensate. Where a grant has been received as a contribution for property, plant and equipment, or capitalised development costs, the income received has been credited against the asset in the statement of financial position.

l) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised in the profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

m) Investments in subsidiaries (Company only)

Investments are stated at their cost less any provision for impairment (for details refer to note h).

n) Taxation

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in the profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Changes in accounting standards

a) **New standards, interpretations and amendments effective from January 2023**

Insurance contracts - IFRS 37:

IFRS 17 *Insurance Contracts* is a comprehensive new accounting standard for insurance contracts covering recognition and measurements, presentation and disclosure. IFRS 17 replaces IFRS 4 insurance contracts. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach);
- a simplified approach (the premium allocation approach) mainly for short duration contracts.

The new standard had no impact on the Group's consolidated financial statements.

Definition of accounting estimates - AMENDMENTS TO IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

Disclosure of accounting policies – AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2

The amendments to IAS 1 and IFRS *Practice Statement 2 Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decision about accounting policy disclosures.
The amendments have not had any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

Deferred tax related to assets and liabilities arising from a single translation - AMENDMENTS TO IAS 12

The amendments to IAS 12 *Income Tax narrow* the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.
The amendments had no impact on the Group's consolidated financial statements.

International tax reform – Pillar Two model rules – AMENDMENTS TO IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed- applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 1 December 2023.
The amendments have had no impact as the effective tax rate for the Group is higher than the 15% minimum rate proposed in the OECD's BEPS Pillar Two rules. Further disclosure has been included in note 10.

***b)* New standards, interpretations and amendments not yet effective**

There are a number of standards, amendments to standards, and interpretation which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

- liability in a Sale and Leaseback (Amendments to IFRS 16 *Leases*);
- classification of Liabilities with Covenants *(Amendments to IAS 1 Presentation of Financial Statements);*
- non-current Liabilities with Covenants *(Amendments to IAS 1 Presentation of Financial Statements);*
- *supplier Finance Arrangements (Amendments to IAS 7 Statements of Cash Flows and IFRS 7 Financial Instruments. Disclosures)*.

The following amendments are effective for the period beginning 1 January 2025:

- lack of Exchangeability (Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates)*

The Group is currently assessing the impacts of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1will have a significant impact on the classification of its long-term debt as its classification is consistent with the contractual arrangement. The Group does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Group.

3. Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers (CEO, CFO and COO), as defined in IFRS 8, in order to allocate resources to the segments and to assess its performance.

For management purposes, also considering the materiality the Group is organized into the following segments:

- Textile
- Environmental
- Others

Textile and Environmental were considered by Management the most advanced strategic segments in terms of commercial readiness. Management's strategic needs are constantly monitored and an update of the segments will be provided if required.

Segment profit/(loss) represents the profit/(loss) earned by each segment, including all the direct costs that are directly correlated with the segment. Overhead, assets and liabilities not directly attributable to a specific segment have been allocated as Head Office.

As the business evolves this is an area that will be assessed on a regular basis and additional segmental reporting will be provided at the appropriate time.

2023

In euro	Textile	Environmental	Others	Headoffice	Consolidated
Revenue	3,203,752	7,229,677	96,966	-	10,530,395
Cost of Sales*	(2,078,194)	(4,161,253)	(64,508)	-	(6,303,955)
Gross Profit	**1,125,558**	**3,068,424**	**32,458**	**-**	**4,226,440**
Other income	62,251	16,295	112,515	141,902	332,963
Other expenses:					
R&D expenses	(125,704)	-	(5,645)	-	(131,349)
Advisory	(8,545)	(298,058)	(174,587)	(1,085,389)	(1,566,579)
Operating expenses	(267,946)	(3,175,696)	(104,128)	(2,228,188)	(5,775,958)
D&A	(386,930)	(858,445)	(24,818)	-	(1,270,193)
Operating Profit/ (Loss)	**398,684**	**(1,247,480)**	**(164,205)**	**(3,171,675)**	**(4,184,676)**
Net financial costs	-	-	-	(122,390)	(122,390)
Tax	-	31,718	-	-	31,718
Profit/(loss) of the year	**398,684**	**(1,215,762)**	**(164,205)**	**(3,294,065)**	**(4,275,348)**
Total assets	**3,991,458**	**7,839,333**	**731,126**	**-**	**12,561,917**
Total liabilities	**2,501,851**	**3,346,950**	**130,992**	**-**	**5,979,793**

**Includes Changes in inventories of finished goods.*

2022

In euro	Textile	Environmental	Others	Headoffice	Consolidated
Revenue	2,460,398	8,136,050	259,696	-	10,856,144
Cost of Sales*	(1,677,952)	(5,281,884)	(157,619)	-	(7,117,455)
Gross Profit	**782,446**	**2,854,166**	**102,077**	**-**	**3,738,689**
Other income	161,271	113,865	23,415	126,375	424,926
Other expenses:					
R&D expenses	(186,587)	(420)	(76,988)	-	(263,995)
Advisory	(94,784)	(421,042)	(45,000)	(1,055,002)	(1,615,828)
Operating expenses	(411,727)	(3,057,472)	(90,439)	(2,336,519)	(5,896,157)
D&A	(329,964)	(1,038,337)	(35,632)	-	(1,403,933)
Operating Loss	**(79,345)**	**(1,549,240)**	**(122,567)**	**(3,265,146)**	**(5,016,298)**
Net financial costs	-	-	-	(311,900)	(311,900)
Tax	-	53,197	-	-	53,197
Loss of the year	**(79,345)**	**(1,496,043)**	**(122,567)**	**(3,577,046)**	**(5,275,001)**
Total assets	**4,582,368**	**11,164,786**	**813,909**	**-**	**16,561,063**
Total liabilities	**1,849,107**	**3,633,655**	**253,161**	**-**	**5,735,923**

Includes Changes in inventories of finished goods.

	2023	2022
	€	€
Sale of products	3,323,174	3,171,133
Sale of services	7,207,221	7,685,011
Government grants	160,015	171,135
Other	172,948	253,791
Total income	**10,863,358**	**11,281,070**

Geographical breakdown of revenues is:

	2023	2022
	€	€
Italy	3,031,727	2,663,918
Romania	7,211,161	8,096,804
Rest of the world	287,507	95,422
Total	**10,530,395**	**10,856,144**

In 2023 the three main customers accounted for more than 10% of Group revenues for sales of products and services. This largest customer accounted for 17% of revenues (€1,769,827), the second for 13% (€1,364,472), whilst the third for 12% (€1,303,949).

Other Income of €332,963 mainly include Government Grants for €160,015 and R&D Expenditure Credit (RDEC) for €27,000. The RDEC is an Italian incentive scheme (art.3 DL 145/2013) designed to encourage companies to invest in research and development. The credit can be used to reduce corporation tax or to offset outstanding payables related to social security.

4. Government Grants

Information regarding government grants:

	2023	2022
	€	€
Green.Tex	-	11,299
Techfast	-	136,421
Filiere	112,515	23,415
Ricerca e Innova	47,500	-
Total	**160,015**	**171,135**

In 2023 Directa Plus concluded the activities related to the ‘Filiere’ project and obtained the funds in early 2024.

In July 2023, the Company was awarded a project tender from the Italian Region of Lombardy as part of its *Ricerca & Innova* programme to further develop Graphene Plus (G+) air filtration applications. It is a 18-month project for a total value of c.€400,000 which includes a non-repayable grant of €142,500 and a zero-interest loan €264,642 which will be repaid over seven years. This award will enable Directa Plus to continue investing and developing its air filter applications, leveraging the antiviral and antimicrobial properties of its G+ technologies.

The key terms of government grants are:

	Filiere	**Ricerca e Innova**
Starting date	2022	2023
Ending date	2023	2024
Duration (months)	12	18
Total amount	135,930	407,142
Final report submitted	Yes	On-going

There are no capital commitments built into the ongoing grants. Government grants have been recognised within other income in the income statement and as other receivables in the balance sheet.

5. Inventory

	2023	**2022**
	€	**€**
Finished products	627,078	917,280
Spare parts	109,492	93,292
Raw material	144,880	111,340
Total	**881,450**	**1,121,912**

As of 31 December 2023, the decrease in the inventory value was partially driven by a c. a €170k write-off of the Co-Masks value still in stock, as the gradual Covid-19 pandemic de-escalation has slowed down the sales of Directa Plus's face masks.

The finished products mainly referred to Directa Plus SpA. Spare parts inventory was required to enhance maintenance efficiency and is composed of a small number of critical items with a material cost per unit.

6. Raw materials and consumables

	2023	2022
	€	€
Raw materials & consumables	3,898,083	4,796,333
Textile products	1,452,407	1,060,328
Total	**5,350,490**	**5,856,661**

The decrease in raw materials and consumables is mainly linked to the sales and services provided in the Group's Environmental Remediation vertical. The increase in the textile products is a result of the business growth in this vertical.

7. Employee benefits expenses

	2023	2022
	€	**€**
Wages and salaries	3,797,869	3,578,948
Social security costs	456,405	573,778
Employee benefits	98,062	144,277
Share option expense	54,573	111,130
Other costs	141,536	146,116
Total	**4,548,445**	**4,554,249**
Capitalised cost in "Intangible assets"	(103,868)	(130,162)
Total charged to the Income Statement	**4,444,577**	**4,424,087**

The average number of employees (excluding non-executive directors) during the period was as follows:

	2023	2022
Sales and Administration	30	32
Engineering, R&D and production	157	159
Total	**187**	**191**

The total average number of employees of the Group as at 31 December 2023 was 187 (2022: 191), of which 162 were employed by Setcar.

The Directors' emoluments (including non-executive directors) are as follows:

	2023	2022
	€	**€**
Wages and salaries	738,935	768,055
Total	**738,935**	**768,055**

The aggregate emoluments (wages, salaries and social contributions) of the highest paid Director totalled €393k (2022: €406k).

Group's share-base payment expenses were €54,573, of which €85,532 accounted for in the Parent Company accounts as directly attributable to the Executive Directors, more than offset by cost reverse-outs in Directa Plus SpA due to awards cancellations and expiries (€30,959).

8. Other expenses:

	2023	2022
	€	€
Audit of the Group and Company financial statements	120,485	108,525
Audit of the subsidiaries' financial statements	45,504	37,735
Other non-audit services provided by Group's auditor	5,709	7,780
Tool manufacturing	281,182	504,411
Analyses & tests	101,180	224,451
Travel	171,585	145,045
Technical consultancies	353,403	316,966
Shipping and logistic expenses	358,793	446,894
Insurance	189,551	186,145
Marketing	25,112	15,718
Legal, tax and administrative consultancies	1,143,050	1,286,662

Other expenses mainly include professional services (such as audit, legal, tax and administrative consultancies), R&D/technical consultancies and tests, travels, shipping/logistic and insurance.

9. Net Finance expenses

Finance expenses include:

	2023	2022
	€	€
Interest Income	(46,108)	(5,904)
Interest on loans and other financial costs	159,225	82,696
Interest on lease liabilities	19,310	14,760
Interest cost for benefit plan	16,125	18,309
Foreign exchanges (gains)/losses	(26,162)	202,039
Total	**122,390**	**311,900**

The raise in interest rates by the Central Banks over the year directly affected the interest on loans and other financial costs. This effect was partially offset by positive interest rates of €46,108.

In the year the Group benefited from foreign exchange gains of €26,162 (2022: €202,039 losses).

10. Taxation

	2023	2022
	€	€
Current tax expense	(1,384)	(1,581)
Deferred tax recovery	33,102	54,778
Total Tax income	**31,718**	**53,197**

Reconciliation of tax rate

	2023	2022
	€	€
Loss before tax	(4,307,066)	(5,328,198)
Italian statutory tax rate	24%	24%
	(1,033,696)	(1,278,768)
Impact of temporary differences	42,633	93,175
Losses recognised	(10,915)	(39,978)
Impact of tax rate in foreign jurisdiction	(44,936)	(60,007)
Losses not utilised	1,078,632	1,338,775
Total Tax income	**31,718**	**53,197**

Tax losses are carried forward and not recognised as a deferred tax asset due to the uncertainty regarding generating future taxable profits. Tax losses carried forward are €39,285,232 (€35,720,602 in 2022).

11. Intangible assets

Cost	Development cost	Patents	Goodwill	Other	Brands	Total
	€	€	€	€	€	€
Balance at 31/12/2021	**3,280,147**	**718,047**	**293,957**	**280,983**	**371,021**	**4,944,155**
Additions	130,162	274,740	-	9,974	-	414,876
Currency translation diff.	2	-	38	25	52	117
Balance at 31/12/2022	**3,410,311**	**992,787**	**293,995**	**290,982**	**371,073**	**5,359,148**
Additions	103,868	120,769	-	1,813	-	226,450
Currency translation diff	(62)	-	(1,486)	(1,022)	(2,029)	(4,599)
Balance at 31/12/2023	**3,514,117**	**1,113,556**	**292,509**	**291,773**	**369,044**	**5,580,999**

Amortisation						
Balance at 31/12/2021	**2,478,569**	**435,425**	**-**	**83,292**	**154,592**	**3,151,878**
Amortisation 2022	371,719	81,670	-	14,964	74,454	542,807

Currency translation diff.	*2*	*-*	*-*	*25*	*(230)*	*(203)*
Balance at 31/12/2022	**2,850,290**	**517,095**	**-**	**98,281**	**228,816**	**3,694,482**
Amortisation 2023	259,029	107,185	-	12,138	74,230	452,582
Currency translation diff.	(62)	-	-	(1,015)	(1,672)	(2,749)
Balance at 31/12/2023	**3,109,257**	**624,280**	**-**	**109,404**	**301,374**	**4,144,315**

Carrying amount						
Balance at 31/12/2021	801,578	282,622	293,957	197,691	216,429	1,792,277
Balance at 31/12/2022	560,021	475,692	293,995	192,701	142,257	1,664,666
Balance at 31/12/2023	404,860	489,276	292,509	182,369	67,670	1,436,684

As disclosed in note 2(e) development costs capitalised in the year are mainly based on time spent by employees who are directly engaged in the development of the G+® technology.

Management carried out an impairment test on goodwill accounted following the acquisition of Setcar S.A. in 2019.

The CGU is represented by Setcar itself, whose carrying amount as of 31 December 2023 was €4.6m. A calculation of goodwill based on a discounted cash flow method is considered to be subject to a high degree of estimation uncertainty given fluctuations in the Groups EBIT. For this reason, the carrying value of the Group's goodwill has been assessed against other indicators, including the Groups market capitalisation, which as of 31 December 2023 was c. €18.6 million, and significantly in excess of the net assets of the Group.

12. Property, plant and equipment

Cost	Industrial Equipment €	Computer Equipment €	Office Equipment €	Plant & Machinery €	Land €	ROU Assets €	Under Const. €	Total €
31/12/2021	**1,621,051**	**84,616**	**181,189**	**4,632,110**	**587,640**	**779,128**	**2,407**	**7,888,141**
Additions	430,272	2,477	8,737	317,042	-	**-**	-	**758,528**
Disposals	(39,333)	-	(48,935)	(206,642)	-	**-**	-	**(294,910)**
FX trans. diff.	(261)	-	160	786	83	**-**	(45)	**723**
31/12/2022	**2,011,729**	**87,093**	**141,151**	**4,743,296**	**587,723**	**779,128**	**2,362**	**8,352,482**
Additions	107,973	1,787	4,181	22,455	-	-	134,885	**271,281**
Disposal	(64,123)	-	(1,964)	(91,897)	-	-	(2,362)	**(160,346)**
FX trans. diff.	(13,238)	-	(540)	(17,381)	(3,214)	-	(764)	**(35,137)**
31/12/2023	**2,042,341**	**88,880**	**142,828**	**4,656,473**	**584,509**	**779,128**	**134,121**	**8,428,280**

Depreciation	**€**	**€**	**€**	**€**	**€**	**€**	**€**	**€**
31/12/2021	**822,067**	**53,119**	**145,468**	**2,624,999**	**-**	**259,522**	**-**	**3,905,175**
Depreciation	267,411	10,211	38,873	442,228	-	102,402	-	**861,125**

Disposal	(23,926)	(1,591)	(47,378)	(201,507)	-	-	-	**(274,402)**
FX trans. diff	(637)	-	122	(52)	-	-	-	**(567)**
31/12/2022	**1,064,915**	**61,739**	**137,085**	**2,865,668**	**-**	**361,924**	**-**	**4,491,331**
Depreciation	283,337	9,795	20,814	407,183	-	96,482	-	**817,611**
Reclass	31,842	-	(31,842)	-	-	-	-	**-**
Disposal	(64,057)	-	(1,964)	(84,437)	-	-	-	**(150,458)**
FX trans. diff	(8,942)	-	(451)	(11,620)	-	-	-	**(21,013)**
31/12/2023	**1,307,095**	**71,534**	**123,642**	**3,176,794**	**-**	**458,406**	**-**	**5,137,471**

Carrying amounts								
31/12/2021	778,742	31,496	55,965	2,007,110	587,640	519,606	2,407	3,982,966
31/12/2022	914,973	25,353	35,911	1,877,628	587,723	417,204	2,362	3,861,151
31/12/2023	**735,246**	**17,346**	**19,186**	**1,479,679**	**584,509**	**320,722**	**134,121**	**3,290,809**

Asset held under financial leases with a net book value of €419,296 are included in the above table within Plant & Machinery.

13. Investments in subsidiaries

Details of the Company's subsidiaries as at 31 December 2023 are as follows:

			Shareholding	
Subsidiaries	**Country**	**Principal activity**	**2023**	**2022**
Directa Plus S.p.a.	Italy	Producer and supplier of graphene-based materials and related products	100%	100%
Directa Textile Solutions S.r.l.	Italy	Commercialise textile membranes, including graphene-based technical and high-performance membranes	73.5%	73.5%
Setcar S.A.	Romania	Waste management and decontamination services business	51%	51%

Subsidiaries	Place of Business	Registered Office and place of business
Directa Plus S.p.a.	Italy	Via Cavour 2, Lomazzo (CO) Italy
Directa Textile Solutions S.r.l.	Italy	Via Cavour 2, Lomazzo (CO) Italy
Setcar S.A.	Romania	Str. Gradinii Publice 6, Braila Romania

The Company's investment as capital contributions in Directa Plus Spa are as follows:

	Directa Spa
At 31 December 2021	**25,680,336**
Additions	4,580,000
At 31 December 2022	**30,260,336**
Additions	**1,964,800**
Impairment Loss	**(13,602,359)**
At 31 December 2023	**18,622,777**

14. Trade and other receivables

Current	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Account receivables	3,645,064	2,964,480	-	-
Tax receivables	482,800	687,670	24,489	24,230
Other receivables	268,884	463,696	71,776	90,654
Total	**4,396,748**	**4,115,846**	**96,265**	**114,884**

Non-current	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Other receivables	162,923	69,720	-	-
Total	**162,923**	**69,720**	**-**	**-**

Group account receivables of €3,645,064 are mainly composed by six major clients, covering 69% of the total amount.

Group Tax Receivables are composed of Italian VAT receivables of €213,482, UK VAT receivables of €24,489, Romanian VAT receivables of €105,326, RDEC Tax Credit receivables of €97,432 and other Italian Tax receivables of €42,071.

Other receivables are mainly composed of governments grants for €134,978 and prepayments for €120,339.

Non-current other receivables refer for €162,923 to specific projects where the collection of a certain amount, although due, is postponed to the end of the project itself.

As at 31 December 2023 the ageing of account receivables was:

Days overdue	2023	2022
	€	€
0-60	3,477,705	2,841,939
61-180	146,505	69,607
181-365	20,854	13,465
365 +	-	39,469
Total	**3,645,064**	**2,964,480**

The Group recognises a loss allowance for expected credit losses on trade receivables. As at 31 December 2023 the Group recognised provision for €460,894 mainly referred to Setcar's overdue debts.

15. Deferred tax assets and liabilities

	2023	2022
	€	€
Deferred tax liabilities	59,647	98,694
Deferred tax (assets)	(59,647)	(65,599)
Total	**-**	**33,095**

Tax losses are carried forward and not recognised as a deferred tax asset due to the uncertainty regarding generating future taxable profits.

The deferred tax liabilities arise from the capitalisation of development costs and defined benefit scheme are detailed below:

	2023	2022
	€	€
Deferred tax liabilities Cost Capitalized	27,929	48,269
Deferred tax liabilities Other	(363)	(9,788)
Deferred tax liabilities arising from acquisition	31,718	33,095
Deferred tax assets – incl. consolidation adjustment	(59,284)	(38,481)
Total	**-**	**33,095**

16. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Cash at bank	2,389,687	5,721,538		3,787,989
			1,024,286	
Cash in hand	3,616	6,230	-	-
Total	**2,393,303**	**5,727,768**	**1,024,286**	**3,787,989**

17. Equity

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Share Capital	205,469	205,469	205,469	205,469
Share Premium	39,181,789	39,181,789	39,181,789	39,181,789
Foreign currency translation reserve	(44,902)	(39,161)	-	-
Accumulated deficit	(33,882,143)	(30,069,844)	(19,770,339)	(5,346,322)
Non-controlling interests	1,121,911	1,546,887	-	-
Balance at 31 December	**6,582,124**	**10,825,140**	**19,616,919**	**34,040,936**

Share Capital

	Number of ordinary shares	Share capital (€)
At 31 December 2021	**66,032,126**	**205,393**
Share issue on 28 February *	25,523	76
At 31 December 2022	**66,057,649**	**205,469**
At 31 December 2023	**66,057,649**	**205,469**

* On 28 February 2022, 25,523 ordinary shares with a nominal value of £0.0025 each were issued as effect of the exercise of option of ordinary shares for a Directa Plus SpA employee.

Share Premium

In euro	Share premium
At 31 December 2021	**39,159,027**
Shares issued	22,762
Expenditure relating to the raising of shares	-
At 31 December 2022	**39,181,789**
Shares issued	-
At 31 December 2023	**39,181,789**

On 28 February 2022, 25,523 ordinary shares were issued as effect of the exercise of option of ordinary shares for a Directa Plus SpA employee, at a price of £0.75 each. The Company accounted for €22,762 of gross share premium reserve. No other shares were issued during 2023.

Share capital

Financial instruments issued by the Directa Plus Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Directa Plus Group's ordinary shares are classified as equity instruments.

Share premium

To the extent that the company's ordinary shares are issued for a consideration greater than the nominal value of those shares (in the case of the company, £0.0025 per share), the excess is deemed Share Premium. Costs directly associated with the issuing of those shares are deducted from the share premium account, subject to local statutory guidelines.

Foreign currency translation reserve

Exchange differences resulting from the consolidation process of Setcar are recognised in the translation reserve for an amount of € 44,902.

Non- controlling interest

Non-controlling interest refers to the minority shareholders of the company who own less than 50% of the overall share capital.
As of 31 December 2023, non-controlling interest is composed by 49% of Setcar S.A. and 26.46% of Directa Textile Solutions Srl.

18. Loans and borrowings

	Group		Company	
	2023	**2022**	**2023**	**2022**
	€	€	€	€
Non-current loans and borrowings	1,528,108	1,378,141	-	-
Current loans and borrowings	742,904	767,677	-	-
Total	**2,271,012**	**2,145,818**	**-**	**-**

In euro	**2023**	**Current**	**Non-current**	**Repayment**	**Interest rate**
Bank of Transilvania	603,021	241,208	361,813	36-months	Variable 6.22 % ROBOR 3M + 2,5%/year

Bank of Transilvania IMM INV	321,115	113,310	207,805	60-months	Variable 6.22 % ROBOR 3M +2.5% MARJA BANK
Bank of Transilvania IMM INVEST PROIECT POIM punte	51,270	51,270	-	9-Months	Variable 6.5 % Robor 6M+4.20%/Year
Bank of Transilvania IMM INVEST PROIECT POIM tva	16,101	16,101	-	12-Months	Variable 6.5 % Robor 6M+4.20%/Year
Bank of Transilvania IMM INVEST PROIECT POIM inv	34,638	12,226	22,412	36-Months	Variable 6.5 % Robor 6M+3.65%/Year
Intesa San Paolo	207,564	74,804	132,760	72-months	1.5%/year + EURIBOR 3M
Intesa San Paolo	15,730	6,250	9,480	72-months	1.5%/year + EURIBOR 3M
Intesa San Paolo	438,540	123,561	314,979	72-months	1.5%/year + EURIBOR 3M
Banca Popolare di Sondrio	394,824	101,215	293,609	72-months	1.5%/year + EURIBOR 3M
Ricerca e Innova (Finlombarda)	185,240	-	185,240	84-months	-

Reconciliation of liabilities arising from financing activities

	Cash flows			Non-cash flows		
	1 January 23	**Capital repayments**	**Liabilities acquired**	**Accrued interests**	**Loan conversion into equity**	**31 December 23**
	€	**€**	**€**	**€**	**€**	**€**
Borrowings	2,145,818	820,084	945,278	-	-	2,271,012
Total	**2,145,818**	**820,084**	**945,278**	**-**	**-**	**2,271,012**

Net debt reconciliation

	2023	**2022**
	€	€
Loans and borrowings	2,271,012	2,145,818
Lease liabilities	389,565	634,328
Less: cash and cash equivalent	(2,393,303)	(5,727,768)
Net Debt	**267,274**	**(2,947,622)**
Total equity	6,582,124	10,825,140
Debt to capital ratio (%)	**4.06%**	**(27.23%)**

19. Leases liabilities

The following table details the movement in the Group's lease obligations for the period ended 31 December 2023:

	2023	2022
	€	€
Non-current lease liabilities	183,056	395,260
Current lease liabilities	206,509	239,068
Total	**389,565**	**634,328**

20. Employee benefits provision

	2023	2022
	€	€
Employee benefits	357,520	554,444
Total	**357,520**	**554,444**

Provisions for benefits upon termination of employment primarily related to provisions accrued by Italian companies for employee retirement, determined using actuarial techniques and regulated by Article 2120 of the Italian Civil code. The benefit is paid upon retirement as a lump sum, the amount of which corresponds to the total of the provisions accrued during the employees' service period based on payroll costs as revalued until retirement. Following the changes in the law regime, from January 1, 2007, accruing benefits have been contributing to a pension fund or a treasury fund held by the Italian administration for post-retirement benefits (INPS). For companies with less than 50 employees it will be possible to continue this scheme as in previous years. Therefore, contributions of future TFR provisions to pension funds or the INPS treasury fund determines that these amounts will be treated in accordance to a defined contribution scheme, not subject to actuarial evaluation. Amounts already accrued before 1 January 2007 continue to be accounted for a defined benefit plan and to be assessed on actuarial assumptions.

The breakdown for 2022 and 2023 is as follows:

In Euro

Amount at 31 December 2021	**500,535**
Service cost	76,108
Interest cost	18,309
Actuarial losses	6,790
Benefit paid	(47,298)
Amount at 31 December 2022	**554,444**
Service cost	14,170
Interest cost	16,125
Actuarial losses	10,769
Benefit paid	(237,988)
Amount at 31 December 2023	**357,520**

Variables analysis

Detailed below are the key variables applied in the valuation of the defined benefit plan liabilities.

	2023	2022
Annual rate interest	3.30%	3.30%
Annual rate inflation	2.10%	2.10%
Annual increase TFR	7.41%	7.41%
Tax on revaluation	17.00%	17.00%
Social contribution	0.50%	0.50%
Increase salary male	2.20%	2.20%
Increase salary female	2.10%	2.10%
Rate of turnover male	2.00%	2.00%
Rate of turnover female	1.80%	1.80%

Sensitivity analysis

Detailed below are tables showing the impact of movements on key variables:

Actuarial hypothesis - 2023		**Decrease 10%**		**Increase 10%**	
		Rate	**Variation DBO €**	**Rate**	**Variation DBO €**
Increase salary	Male	1.95%	(3,049)	2.45%	4,064
	Female	1.85%		2.35%	
Turnover	Male	1.00%	(16,078)	3.00%	14,551
	Female	0.80%		2.80%	
Interest rate		3.05%	8,582	3.55%	8,582
Inflation rate		1.85%	(5,468)	2.35%	(5,468)

21. Trade and Other payables

Non-current	**Group**		**Company**	
	2023	**2022**	**2023**	**2022**
	€	€	€	€
Other payables	64,014	64,366	-	-
Total	**64,014**	**64,366**	**-**	**-**

Current	**Group**		**Company**	
	2023	**2022**	**2023**	**2022**
	€	€	€	€
Trade payables	1,693,569	1,088,849	1,846	28,915
Employment costs	184,838	264,627	-	-
Other payables	978,428	759,399	124,563	93,358
Total	**2,856,835**	**2,112,875**	**126,409**	**122,273**

22. Provision

Current	Group		Company	
	2023	**2022**	**2023**	**2022**
	€	€	€	€
Provision	40,847	190,997	-	-
Total	**40,847**	**190,997**	**-**	**-**

The 2023 provision of €40,847 relates to the expected future losses expected to be incurred on an onerous long-term contract in Laos, where the recovery of excess costs is deemed uncertain under IFRS15.

The 2022 provision of €190,997 related to the expected future losses incurred on an onerous long-term contract in Guatemala that was completed in the year.

23. Financial instruments

Financial risk management

The Group's business activities expose the Group to the following financial risks:

a) Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in interest rates or foreign exchange rates. As at 31 December 2023 the Group is exposed to variable interest rate risk for the loans issued by Setcar and by Directa Plus SpA under the Italian Government Covid-19 Recovery Plan. Despite the rise in interest rates by the Central Banks over the recent months, those loans, being 90% guaranteed by the Italian Government, bear a relatively low interest rate (1.5% + EURIBOR) and, if the interest rate had increased or decreased by 200 basis points during the year the reported loss after taxation would not have been materially different to that reported.

b) Capital Risk

The Group's objectives for managing capital are to safeguard the Group's ability to continue as going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. There were no changes in the Group's approach to capital management during the year.

c) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its trade receivables that the Company consider defaulted if any instalment is unpaid more than sixty (60) days past its original due date or where there is evidence that identifies the debtor's state of insolvency.

The Group's cash and cash equivalents and restricted cash are held with major financial institutions. The Group monitors credit risk by reviewing the credit quality of the financial institutions that hold the cash and cash equivalents and restricted cash.

The Group's trade receivables consist of receivables for revenue mainly in Italy and Romania. Management believes that the Group's exposure to credit risk is manageable and currently the Group's standard payment terms are 30 to 60 days from date of invoice are largely met from the clients. At the end of the period, 90% of account receivables have an ageing less of 60 days and refers to orders delivered close to the year end. As at 31 December 2023 the Group recognised a cumulated bad debt provision for €460,894.

Every new customer is internally analysed for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Advance payment usually applies for the first order and the exposure to credit risk is approved and monitored on an ongoing basis individually for all significant customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Group does not require collateral in respect of financial assets.

d) Exposure to credit risk

Group	**Note**	**2023**	**2022**
		€	**€**
Trade receivables	14	3,645,064	2,964,480
Cash and cash equivalent	16	2,393,303	5,727,768
Total		**6,038,367**	**8,692,248**

The largest customer within trade receivables accounts for 21% of debtors. Management continually monitors this dependence on the largest customers and are continuing to develop the commercial pipeline to reduce this dependence, spreading revenues across a variety of customers.

e) Liquidity risk

It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. The Group manages liquidity risk by maintaining

adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows. The Board reviews regularly the cash position to ensure there are sufficient resources for working capital requirements and to meet the Group's financial commitments.

2023	**Carrying amount**	**Up to 1 year**	**1 -5 years**
Financial liabilities	€	€	€
Trade payables	1,693,569	1,693,569	-
Lease liabilities	389,565	206,509	183,056
Loans	2,271,012	742,904	1,528,108
Total	**4,354,146**	**2,642,982**	**1,711,164**

2022	**Carrying amount**	**Up to 1 year**	**1 -5 years**
Financial liabilities	€	€	€
Trade payables	1,088,849	1,088,849	-
Lease liabilities	634,328	239,068	395,260
Loans	2,145,818	767,677	1,378,141
Total	**3,868,995**	**2,095,594**	**1,773,401**

f) Currency risk

The Group usually raises money issuing shares in pounds, it follows that the Group usually holds sterling bank accounts as result of capital raise. Sterling bank accounts are mainly used to manage expenses of the Company (such as UK advisors, LSE fees and costs related to the Board) in UK. The cash held in Sterling continues to be subject to currency risk.

	EUR
Cash held in GBP	973,722

If the exchange rate EUR/GBP increase by 10% the impact on P&L would be a loss equal to €0.1 million (if decrease by 10% would be a profit equal to €0.1 million).

The Group holds accounts also in other currency (such as USD and RON) but just for business purposes and for not material amount.

24. Earnings per share

	Change in number of ordinary shares	**Total number of ordinary shares**	**Days**	**Weighted number of ordinary shares**
At 31 December 2022	**25,523**	**66,057,649**	**365**	**66,053,593**
Existing shares	-	66,057,649	365	66,057,649
At 31 December 2023	**-**	**66,057,649**	**365**	**66,057,649**

	Basic		Diluted	
	2023	**2022**	**2023**	**2022**
	€	€	€	€
Loss attributable to the owners of the Parent	(3,856,103)	(4,822,044)	(3,856,103)	(4,822,044)
Weighted average number of ordinary shares in issue during the year	66,057,649	66,053,593	-	-
Fully diluted average number of ordinary shares during the year	-	-	67,052,006	67,189,085
Loss per share	(0.06)	(0.07)	(0.06)	(0.07)

The effect of anti-dilutive potential ordinary shares is ignored in calculating the diluted loss per share.

25. Share Schemes

The 2020 Employees' Share Scheme is administered by the Remuneration Committee.

The Directors are entitled to grant awards over up to 10 per cent of the Company's issued share capital from time to time.

Under the 2020 Employees' Share Scheme, in November 2020 1,801,000 options over Ordinary Shares were granted to key employees and additional 150,000 options were granted to an Executive Director in June 2021 under the same Scheme. As of 31 December 2023, the total number of outstanding Ordinary Shares awards is 150,000.

At the date of this report, an additional 331,046 share options had vested in 2020 under the 2016 Employees' and NED Share Schemes that have not yet been exercised.

The main terms of the 2020 Employee's Share Schemes are set out below:

Eligibility

All persons who at the date on which an award is granted under the Employees' Share Scheme are employees (or employees who are also office-holders) of a member of the Group and are eligible to participate. The Remuneration Committee decides to whom awards are granted under the Employees' Share Scheme, the number of Ordinary Shares subject to an award, the exercise date(s) (subject to the below) and the conditions which must be achieved for the award to be exercisable.

Types of Award

Awards granted under the Employees' Share Scheme have the form of market value share options. "Market value share options" are share options with an exercise price equal to the market value of a share at the date of grant. The right to exercise the award is generally dependent upon the participant remaining an officer or employee throughout the performance period. This is subject to the good leaver provisions. Awards granted under the Share Schemes will not be pensionable.

Individual Limits

The value of Ordinary Shares over which an employee or Executive Director may be granted awards under the Employees' Share Scheme in any financial year of the Company shall not exceed 200 per cent of his basic rate of salary at the date of grant.

Variation of share capital

Awards granted under the Share Schemes may be adjusted to reflect variations in the Company's share capital.

Vesting of awards

Outstanding awards will vest over three years in equal one third tranches on each anniversary of the grant date to the extent that the market-based performance targets have been met. Vested awards may generally be exercised between the third and tenth anniversaries from the date of grant. 75% of vested shares can be exercised after the third anniversary, while the remaining 25% from the fourth.

The inputs to the Monte-Carlo simulation were as follows:

Monte-Carlo simulation

	Market value shares (1st granting Nov20)	**Market value shares (2nd granting Jun21)**
Share price	60p	127p
Exercise price	66p	118.20p
Expected volatility	54%	61%
Compounded Risk-Free Interest Rate	0.10%	0.16%
Expected life	6 years	6 years
Number of options issued*	1,801,000	150,000

*Number of options issued is an input of the Monte-Carlo simulation and refers to the total options granted by the Company in November 2020 and June 2021. This is not representing any option issued in the period.

Details of the number of share options outstanding are as follows:

	2021	2022	2023
Outstanding at start of period	1,801,000	1,688,000	1,503,000
Granted during the period	150,000	-	-
Cancelled during the period	-263,000	-185,000	-358,000
Expired during the period	-	-	-331,669
Vested during the period	-	-	-663,331
Outstanding at end of period	1,688,000	1,503,000	150,000
Exercisable period option price	66-118p	66p-118p	66p-118p
Grant date	12 Nov 20 – 15 Jun 21	12 Nov 20 – 15 Jun 21	12 Nov 20 – 15 Jun 21
Exercisable date	12 Nov 23 – 15 Jun 24	12 Nov 23 – 15 Jun 24	12 Nov 23 – 15 Jun 24

Cancelation of share options during the period relates to the resignation of employees. Share options expired over the period refer to those performance share options that did not meet the performance criteria on the third anniversary of their granting. Vested share options are Market share options that met the criteria on each anniversary.

26. Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Remuneration of key management personnel

The below figures represent remuneration of key management personnel for the Group, who are part of the Executive Management Team but not part of the Board of Directa Plus PLC. The remuneration is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	2023	2022
	€	€
Short-term employee benefits and fees	129,065	227,159
Social security costs	39,837	74,423
	168,902	**301,582**

The decrease in the 2023 remuneration is mainly explained by the layoff of an executive manager.

For Directors remuneration please see Director’s Remuneration Report.

Other transaction Group

Other related party transactions during the year under review are shown in the table below:

	2023	2022
	€	€
Sale of products	-	6,625

Products are sold on normal commercial terms and conditions.

27. Contingent Liabilities and Commitments

The group has the following contingent liabilities relating to bank guarantees on operating lease arrangements and government grants.

	2023	2022
	€	€
Bank guarantees	38,435	38,435

28. Post Balance Sheet events

In February 2024, Directa Plus SpA signed a conditional share sale purchase agreement with GVC Investment Company Ltd to acquire a further 48.96% stake in Setcar S.A. Following completion of the Acquisition in May 2024, Directa Plus' shareholding in Setcar increased from 50.99% to 99.95%. The total consideration was equal to €1.5 million, of which €1 million provided by Nant Capital LLC with a financing facility. The acquisition represents an opportunity for Directa Plus to take further control of the environmental supply chain and capture maximum value from the commercial offering made possible by the Grafysorber® technology.

On 11 June 2024, the Group announced the launch of a proposed capital increase of £6.9 million gross capital raise, to be finalised by the end of June 2024 subject to the shareholders’ approval, to fund the acquisition of the minority interests of its subsidiary Setcar and sustain the expected high growth of the business.