DIRECTAPLUS

Welcome to the Graphene Age

Annual Report & Accounts 2023

About Directa Plus

Discover how we are using graphene to help customers' revolutionise the performance of their products.

Directa Plus is one of the largest producers and suppliers worldwide of graphene nanoplatelets-based products for use in consumer and industrial markets.

Our graphene nanoplatelets-based products are natural, chemical-free and sustainably produced. Our production process is designed to meet large supply chains' requirements for volume, cost and quality control.

By incorporating Directa Plus's unique graphene blends, identified by the G+® brand, our customers can revolutionise the performances of their own end products in commercial applications such as textiles, composite materials and environmental solutions. We partner with our customers to enable them to offer the high-performance benefits of G+® in their own products.

Our company has a unique and patented technology process and a scalable and portable manufacturing model. We produce graphene nanoplatelets-based products at our own factory near Milan, Italy, and can set up additional production at customer locations to reduce transport costs, waste and time-to-utilisation. We are strongly committed to environmental sustainability and abided by a strong Code of Ethics in all aspects of our business practice.

Contents

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 amortisation, adjusted by one-off provisions, inventory write-offs, non-recurring legal expenses and onerous contract provision (please refer to the CFO statement for further details).*

€10.53m
Product sales and service revenue in line with previous year (2022: €10.86m)

€10.86m
Total income (including grants) in line with previous year (2022: €11.28m)

€2.39m
Cash and cash equivalents at year end (2022: €5.73m)

Chairman's review

"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: (i) a unique, low-cost graphene production process; (ii) the manufacture of pristine graphene nanoplatelets free of chemical pollutants and tailored to customers' needs; (iii) a reduced time to market for new products, benefitting from considerable accumulated knowhow and strong IP; and (iv) 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 this building momentum. In 2023, the global graphene market was worth $195.7m and is expected to reach $256.7m in 2024, growing then 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.

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

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

Core focus markets

At a glance

Our graphene nanoplatelets-based products are natural, chemical-free and sustainably produced. Our production process is designed to meet large supply chains' requirements for volume, cost and quality control.

Our vision is to produce nanoplatelets-based products that are natural, chemical-free and sustainable.

G+® Technology

Under our G+® brand, we offer a range of graphene nanoplatelets-based products - either ready-to-use or custom-blended to meet customers' specific technical requirements.

Benefits of our products

- Chemical-free
- Certified as non-toxic
- High purity
- Consistent quality
- Taylor-made particles shape
- Abundant, safe and non-toxic raw material

Target vertical markets

1 Environmental remediation

Using our Grafysorber® technology to help the oil & gas industry to tackle environmental issues from hydrocarbon pollution.

2 Textiles

Printing our nanoplatelets on fabrics, and enhanced membranes for the sports, luxury, fashion, workwear and military markets.

3 Other verticals

Exploring and launching a wide range of other applications for our technology such as composites, paints and batteries.

Investment case

Our vision is to continue to be at the frontline of graphene innovation globally: developing what is possible today and evolving graphene technology for our industrial partners and customers of the future.

Our mission is to deliver the best quality graphene at the best possible price in the most sustainable way, whilst supporting the industrialisation of existing and new vertical applications.

Why invest?

Why invest?

1 Unique graphene production process and strong IP

- We have a unique and proven process to produce pristine, chemical free graphene nanoplatelets, tailored to our partners' and customers' requirements, which is both flexible and scalable.
- We have strong IP and our portfolio now comprises 22 patent families with 86 patents granted and 46 patents pending and we continue to grow the portfolio.

2 Delivering a pristine quality product at the best price

- Directa Plus has developed a proprietary process that creates value-added materials from graphite; from unique 3D materials to highly two dimensional (large surface area) single layer graphene platelets.
- This "top down" production process is unique, patented, low cost and environmentally friendly, employing no chemicals and only physical processes for the separation and exfoliation of graphene-based materials.

3 Double digit €m revenue

- Our competitive time to market ensures an efficient process to deliver for customers.

4 Partnership with leading companies deliver outstanding products

- Directa Plus has benefitted from an early mover position in the commercial production and supply of graphene materials and solutions.
- Many commercial partners through which products can be purchased in multiple verticals including environmental remediation, oil/water separation, bicycle tyres, textiles, asphalt, paints, amongst others.

5 Unique graphene production process and strong IP

- Significant growth opportunity across diverse applications and vertical markets.
- We have developed a platform technology that creates graphene-based semifinished products applicable to many applications.

1. Planar Thermal Circuit® applied to a cycling technical shirt.
2. Bike tire enhanced with G+® which assures a rolling resistance without compromising grip.
3. G+® outsoles significantly improve durability and elastic response while maintaining grip.
4. The G+® technology exploit remarkable properties in a wide range of extruded moulded items. We developed ready-to-use master batches, PLA filament (Grafylon®) and a high-performance PA filament (Radilon®).

Target market progress

"The Group delivered an improved operational and financial performance in FY23, benefiting from improved margins driven by the growing value of our technology, successful investment in innovation, and a reduction in direct costs. 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."

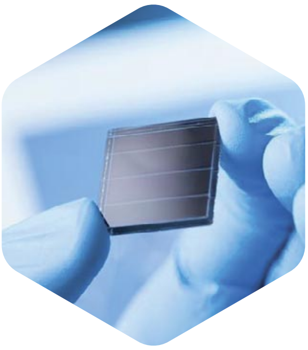
Giulio Cesareo, Founder and CEO of Directa Plus

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

- Grafysorber® technology 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.



Other developments

- 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 air filtration applications.

What is graphene?

Graphene is the name given to a single plane of carbon atoms, arranged in a honeycomb structure. It is the building block of natural graphite.

Graphene is two-dimensional but only one atom thick, thereby making it the thinnest two-dimensional material in the world. It has extremely high tensile strength, electrical conductivity and transparency and is incredibly light. Due to these characteristics and the way it operates as a super-additive, graphene enhances the properties of the materials to which it is added or gives them new characteristics.

Currently on the market there are two different approaches to produce graphene:

Nowadays there are many different graphene families on the market, with totally different physico-chemical feature as well as different target markets.

The main families are:

Top-down approach

Starting from natural graphite, by means of physico-chemical exfoliation methods

Graphene nanoplatelets – physical exfoliation
Main markets: Special additive for environment, textile, polymers, asphalt, concrete, coating, energy, etc.

Graphene oxide – chemical exfoliation
Main markets: Polymers, sensors

Main markets: Electronics, flexible electronic, sensors

Monolayer graphene – chemical vapour deposition

Synthesis method by means of chemical vapour deposition

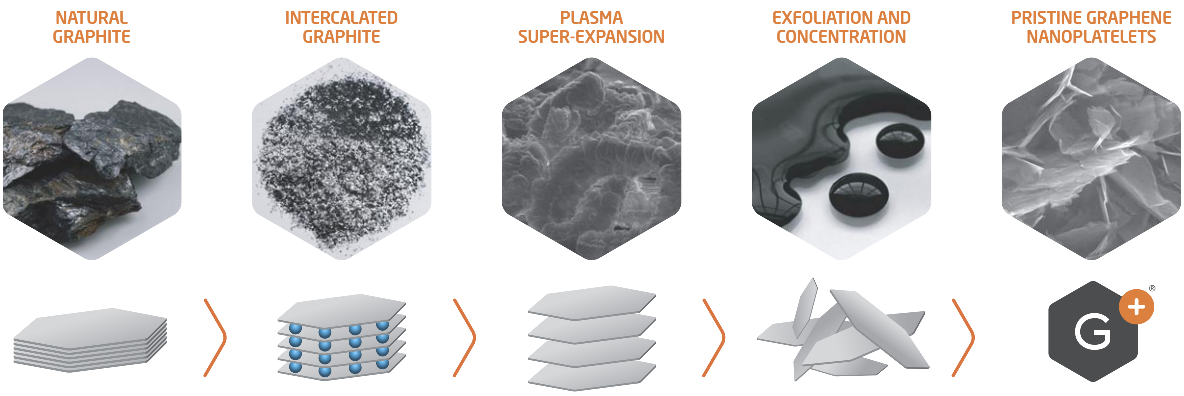
Bottom-up approach

Directa Plus uses a multi-step patented top-down method to produce G+®, a process that does not involve the use of chemicals nor solvents and is only based on physical treatments of natural graphite.

The process is therefore extremely sustainable, and the output products are free from contaminants.

G+® is the purest and most crystalline form of Pristine Graphene Nanoplatelets: every gram of graphite is directly transformed into a gram of Graphene Plus.

G+® production process



Directa's process can generate different graphene morphologies (several graphine families, different lateral dimension and thickness, different density and physical forms) to satisfy totally different markets.

Our values and business model

Directa Plus has developed a proprietary scalable, modular manufacturing process to produce and supply high quality engineered graphene materials – marketed under its 'Graphene Plus' (G+®) brand – which can be used by third parties in a wide variety of industrial and commercial applications.

Our core values

1. **DIVERSITY** Directa Plus has always invested in diversity. The desire to differentiate ourselves has been reflected over the years in our product: G+® Graphene Plus, a unique and inimitable creation whose main features are its purity and sustainability. The uniqueness of this material, in all its forms, comes directly from the production method: at Directa Plus we transform every single gram of graphite into a gram of graphene, through a process based entirely on the principles of physics, without any chemical processing.

2. **QUALITY** Graphene Plus is a different material, unique and absolutely pure. In order to guarantee the highest quality of our products and of the services we provide, Directa Plus has developed innovative working methods, and we have organised the Advanced Development Area, a lab specialised in the applications of G+® graphene.

3. **SAFETY** For Directa Plus, safety has always been a core value. Over the years we have invested effort and resources in the creation of a material that is able to ensure maximum safety, both for those who use it and for those who work on it. The safety of our G+® graphene is proven by the independent certifications of non-toxicity and non-cytotoxicity of all G+® products.

Business model

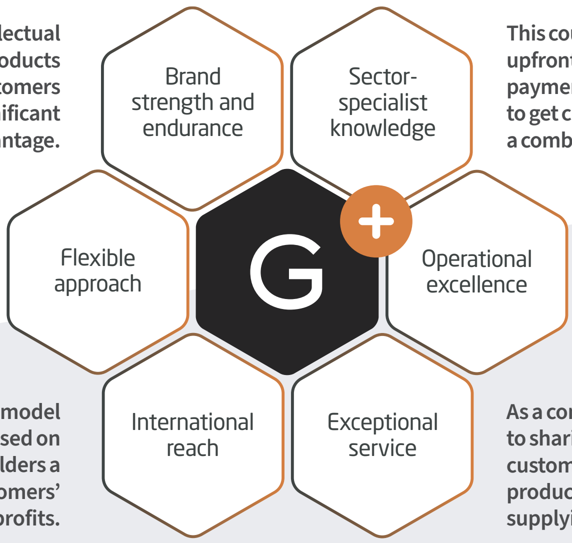
Directa Plus has a unique and proven process for the production of pristine, chemical free graphene nanoplatelets, tailored to our partners' and customers' requirements, which is both flexible and scalable. Production is located at our factory near Milan, Italy, and we have a Grafysorber® production unit in our subsidiary Setcar in Romania, but can also be set up at customer locations to reduce transport costs, waste and lead times.

We are strongly committed to environmental sustainability and abide by a strong Code of Ethics in all aspects of our business practice.

We create value through partnering with leading industrial entities with large international footprints that provide significant growth opportunities, but also important reference customers to support the roll out of graphene enhanced products and services globally. The success of this strategy can be seen in our progress in the environmental remediation and textiles markets, and other areas where we see great potential.

Integrating our intellectual property into new products allows our customers to gain significant competitive advantage.

This could be royalty payments, upfront enabling licence payments, joint-ventures to get closer to end-users or a combination of all three.



The commercialisation model we follow is based on capturing for our shareholders a proportion of customers' additional revenues and profits.

As a company, we are committed to sharing in the proceeds of customers' growth from new products, rather than merely supplying an essential ingredient.

ESG

Environmental, Social and Governance considerations are an important part of what drives Directa Plus' business, with a strong commitment to a sustainable business, minimising our impact on the environment, social values and collaborative working practices and governance aligned with the QCA Governance code in parallel with a commitment to engagement with all stakeholders.

To further enhance our commitment to ESG, the Group is developing a more comprehensive sustainability plan with a commitment to delivering a more detailed sustainability strategy.

Environment

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: (i) water-based process, (ii) no chemistry, (iii) high purity, (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 low waste generation, 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 on 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.

Environmental remediation is a key division at the heart of this and we have been ISO 14001 certified since 2016.

In December 2021 Directa Plus received the Green Economy Mark from the London Stock Exchange, with over 70% of revenue contributions in FY23 derived from the Environmental Remediation division.

Social

The Board considers one of its key stakeholder groups to include its workforce and make efforts to support our employees 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 renumeration 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.

Governance

The Board 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.

The Company complies with the Quoted Companies Alliance corporate governance code (the "QCA Code") and the Directors propose that the Company should continue to do so having regard to the Company's size, board structure, stage of development and resources.

ESG rating

Directa Plus has embarked on the development of a full ESG Strategy and has 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 including the SASB framework, Minerva Analytics and the Cambridge Impact Framework (latter against the UN Sustainability Goals).

Measures including managing greenhouse gas emissions and waste consumption were assessed as well as the company's policy on incorporating ESG concerns into Directa Plus' products and services and managing risk from government regulations and policy proposals that address social factors affecting the industry.

The Company was then ranked relative to specific sub-sector peers and an overall score, and rating was applied. The Company was given a 'B' rating.

Chemical free production process

G+® Technology

We offer a range of graphene nanoplatelets-based products – either ready-to-use or custom-blended to meet customers' specific technical requirements.

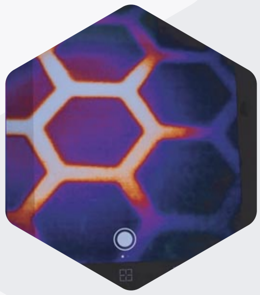
Benefits of our products:

+ Chemical-free
+ Certified as non-toxic
+ High purity
+ Taylor-made particles shape
+ Abundant, safe and non-toxic raw material

Patented, modular process

Our production process uses a unique technique we call Plasma Super Expansion. Starting from natural graphite, each step of the process – expansion, exfoliation and drying – creates graphene nanoplatelets-based materials ready for a variety of uses and available in different forms such as powder, liquid and paste.

Our production process produces a highly consistent graphene nanoplatelets product – an important factor for commercial customers – and does not need any chemical or solvent additives.



Tailor-made for customer needs

When used in consumer and industrial applications, G+® enables end-products to perform better while remaining affordable.

We partner with customers to develop bespoke graphene blends that have just the right morphology for their particular application. We produce the precise ingredient to make our customer's product stand out from the competition.

Scalable, portable production

Our factory near Milan can produce industrial quantities of graphene nanoplatelets-based products each year to supply large supply chains.

In addition, we can set up production directly at customer locations, thus adding scalable capacity and reducing transport costs, waste and time-to-utilisation.

Our production process produces a highly consistent graphene nanoplatelets product - and important factor for commercial customers - and does not need any chemical or solvent additives.

Chief Executive Officer's review


Giulio Cesareo CEO

"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.

€10.5m
Directa Plus delivered revenues for FY23 of €10.5m.

€2.4m
Cash at €2.4m, 14% ahead of expectations, reflecting the Board's continued focus on the improvement in gross margins.

86 patents
86 patents granted and 46 pending as of December 2023.

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 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®, 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

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

The global market for graphene is expected to grow significantly over the next 10 years, projected to grow at a compound annual growth rate of 35.1% from 2024 to 2030[2].

1. **WORKWEAR SECTORS:** Directa Plus' products can play a critical role in this creation. Within 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 properties having a tangible benefit on the final user.
2. **BATTERIES:** Directa Plus' signed a landmark agreement with an Italian innovator to acquire the proprietary know-how for a system capable of preparing tailored graphene compounds for application initially in batteries and polymers. The global market for batteries and polymers is experiencing significant growth, driven by technological advancements.

Chief Executive Officer's review continued

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.

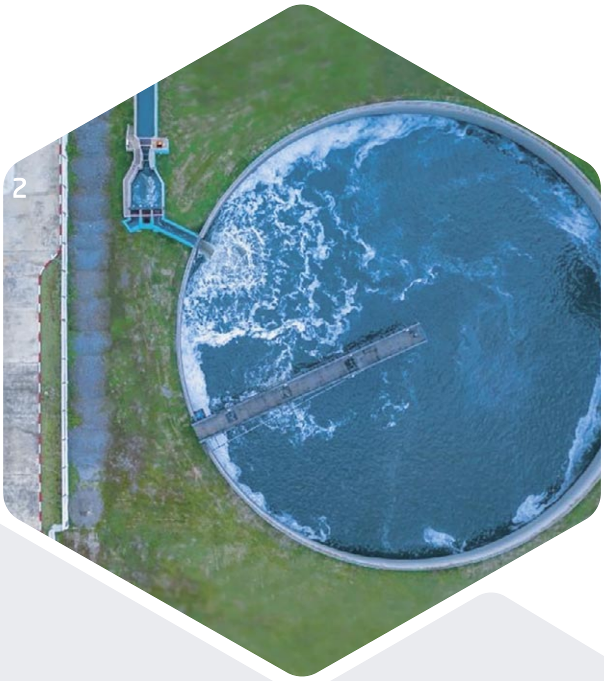
The Group's environmental remediation activities are principally carried out through Setcar, a subsidiary company based in Romania, which has accelerated the commercialisation of Grafysorber. In FY23, Setcar secured Directa Plus' largest contract to date with LIBERTY Galati, the largest integrated steel 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.

€5.5m

Our largest contract to date with potential for expansion up to €8m, with LIBERTY Galati, the largest steel producer in Romania.



1. **SETCAR – LIBERTY GALATI:** The Group's environmental remediation activities are principally carried out through Setcar, a subsidiary company based in Romania and the largest integrated steel producer in the Country, which has accelerated the commercialisation of Grafysorber®, to provide a solution for the treatment of oily mills sludge produced in the manufacturing of steel.
2. **GRAFYSORBER®:** The Group also launched a pilot for a new concept for produced water treatment using Grafysorber®, through Setcar, which was showcased at the Setcar Environmental division 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.

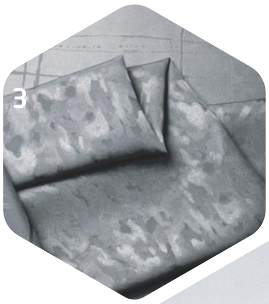
Through integration with Setcar, Grafysorber has been developed over the past few years to generate new products and processes to enable the provision of environmental services. This has enabled us to secure larger contracts as evidenced in FY23 and now with multiple market opportunities, we are confident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

3


We secured a new exclusive agreement with Grassi SpA (Grassi), to expand the use of its Graphene Plus Thermal Planar Circuit® technology in the workwear and military markets.

2


1


1. **FAIRS AND EVENTS – MILANO UNICA 2024**: By taking part in national and international events, Directa Plus can showcase its products and latest developments.
2. **CHRONOS CORPS COLLABORATION:** This collaboration seamlessly blends fashion and technology, showcasing the versatility of Directa Plus materials. Crafted with Coating G+®, this bag not only boasts a sleek design but also offers unmatched functionality, including antimicrobial protection, UV resistance, and advanced fingerprint recognition for secure access.
3. **G+® TEXTILE TECHNOLOGIES:** Can be applied to any type of fabric and enhance not only the thermal, antistatic and antimicrobial features, but also the appearance of the fabric by giving the typical shimmery grey colour.

Chief Executive Officer's review continued

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

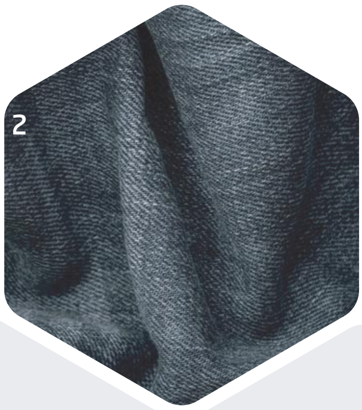
As at December 2023, the Group's patent portfolio comprised 86 patents granted and 46 pending, grouped into 22 families. This has increased from 80 patents granted and 37 pending, in December 2022.

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.

c. €400,000

A new tender by the Italian Lombardy Region, part of its 'Ricerca & Innova' programme to develop Graphene Plus air filtration applications.

1


2


1. **PTC® COMBAT BOOT:** Directa Plus' textile solutions were also used in shoes and combat booth to assure a higher thermal comfort thus avoiding hot spots. The PTC® absorbs the heat from the lateral part of the shoe and redistributes it to the tip of the toe.
2. **GRAPHITO DENIM:** Graphito is a state-of-the art denim that integrates the unique technical performances of G+®. Graphito respects the environment and has antimicrobial properties that makes it self-sanitising.

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' 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

1


2


With new wins in early FY24, we have started the year with promising momentum. We are seeing increasing traction in graphene technology and its applications globally.

1. **G+® VERSATILITY:** G+® Membranes can be seamlessly integrated in any kind of garment. Whether we're referring to fashion clothing, casual garments or technical equipment.
2. **THE PLANAR THERMAL CIRCUIT®:** It is the first textile technology Directa Plus developed. The technology consists of a functional print enhanced with G+® that absorbs body heat and redistributes it inside the garment, avoiding hot spots.

Chief Financial Officer's review

Giorgio Bonfanti Chief Financial Officer

"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.

€10.53m
Product sales and service revenue in line with previous year (2022: €10.86m)

€10.86m
Total income (including grants) in line with previous year (2022: €11.28m)

€2.39m
Cash and cash equivalents at year end (2022: €5.73m)

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 main contracts, underscoring client appreciation of our technology;
- achieving significant direct production cost reductions (approximately 60-70%) through targeted investments in the production line; 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.

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 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.

€ million	FY23	FY22
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**	–
(+) 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	FY23	FY22
Loss before tax	**(4.31)**	(5.33)
(+) One-off provision	**0.28**	–
(+) 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)

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

Directors' biographies

Richard Hickinbotham

Non-Executive Chairman

Relevant strengths

- Deep understanding of AIM markets
- Investor relations and financial communication
- Growing businesses and funding

Richard Hickinbotham is an experienced City professional, having served previously as Head of Equity Research at Singer Capital Markets, Cantor Fitzgerald Europe and Charles Stanley. He has also held a number of senior positions at Investec, including Global Head of Research and Co-Head of UK Investment Banking and as Head of Pan-European Small and Midcap Research at S.G. Warburg & Co.. Richard is a Non-Executive Director of AB Dynamics Plc where he is chairman of the remuneration committee and a member of the audit and nomination committees. Richard holds a BSc. in Mechanical Engineering from Imperial College and is a qualified Chartered Accountant.

Giulio Cesareo

CEO and Founder

Relevant strengths

- Industry knowledge and credentials
- Strategic and business expertise
- Engineering expertise

Giulio Cesareo is one of the founders of Directa Plus. He began his professional career in 1982 in Italy working for Falck and Techint. From 1986 to 2004, he worked in the carbon and graphite business for Union Carbide, UCAR and Graftech, reaching the positions of the President and CEO of the Italian company and Vice President and General Manager of the worldwide Advanced Carbon and Graphite business unit. In his role at Union Carbide, Giulio managed business units in USA, France and Italy. Giulio is an Advisory Board member and member of the Industry Council of the US National Graphene Association.

Giulio was awarded a degree in Mechanical Engineering from the Polytechnic University of Milan, an MBA and an Executive MBA from Bocconi University of Milan and attended Strategic and Financial Management Programs at Stanford University (USA). He serves as a board member of Fondazione Quarta, a non-profit organisation focused on scientific research in areas of social activity and was also Board Member of: Centro di cultura scientifica "Alessandro Volta", an organisation aimed at promoting the practical applications of a scientific culture.

Giorgio Bonfanti

CFO

Relevant strengths

- Financial reporting and accounting
- Budget and business plan
- M&A and funding

Giorgio is a professional with corporate finance, M&A, and accounting experience. Before joining Directa Plus in May 2021, Giorgio was a Senior Manager at PwC, in their Deals practice. He supported national and international clients in M&A transactions, such as acquisitions, disposal, joint ventures, IPOs and business plans. He also has a previous experience at KPMG as an auditor.

Giorgio holds a degree in Business Administration and a Master of Science in Accounting, Finance and Control from Bocconi University.

Wesley Clark

Non-Executive Director

Relevant strengths

- Extensive public and private Board experience
- Strong US military network
- Clean energy and environment expertise

General Clark, a US national, is Chairman and CEO of Wesley K. Clark & Associates, a strategic consulting firm; Chairman and Founder of Enverra, Inc., a licensed investment bank, and Chairman of Energy Security Partners, LLC. In the not-for-profit space, he is a Senior Fellow at UCLA's Burkle Center for International Relations and a Director of the Atlantic Council. A best-selling author, General Clark has written four books and is a frequent contributor to T.V. and news media.

Wesley Clark retired as a four-star general after 38 years in the United States Army, having served in his last posts as Commander of US Southern Command and then as Commander of U.S. European Command/ Supreme Allied Commander, Europe. He graduated first in his class at West Point and completed degrees in Philosophy, Politics, and Economics at Oxford University (B.A. and M.A.) as a Rhodes scholar.

Sarah Cope

Non-Executive Director

Relevant strengths

- Experienced Audit Committee Chair
- UK Capital Markets and M&A experience
- Corporate governance

Sarah has over 20 years' experience as an investment banker in London, advising small and mid-sized companies at Board level on corporate governance, strategy, amalgamations and disposals, capital markets and regulatory compliance.

Previously, she has advised AIM listed companies in the Oil and Gas sector as both Nominated Advisor and Broker, assisting publicly traded companies to raise finance for their exploration, development and production projects around the world. Accordingly, she has experience of AIM regulations and compliance.

Sarah has been a Non-Executive Director of several public and private companies since 2018 and is currently a Non-Executive Director of AIM traded Eneraqua Technologies plc, Smarttech 247 plc and Helium One Global Ltd.

Section 172

Section 172(1)(a) to (f) of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making, to this effect the board of directors of Directa Plus plc consider that they have acted in such a way that would be most likely to promote the success of the company in the long term, taking into consideration the interests of all the stakeholders (investors, employees, customers, suppliers and local communities).

a) **The likely consequences of any decision in the long-term.** Annually the company reviews its medium to long term plan, which focuses on the strategic direction of the Group as well as looking at the threats, and opportunities it is facing. This plan is designed to ensure the long-term optimal direction of the company, ensuring, at the same time, the consideration of long-term requirements of stakeholders.

b) **The interests of the company's employees.** The Board considers its employees to be one of the key stakeholders within the Group and as such welcomes any feedback to ensure the alignment of both party's interests. Given the nature of the Group's activities, its employees are the greatest asset of the business and their interests are always considered when determining the strategic direction and vision of the Group.

   Details of the Group's process to obtain feedback from employees are listed in the section "Stakeholder and social responsibilities" of the Corporate Governance Statement on page 24.

c) **The need to foster the company's business relationships with suppliers, customers and others.** The Board recognises that the success of the Company is reliant on the stakeholders of the business and, to this effect, the Company engages with these stakeholder groups on a regular basis. Details of the Company's process to obtain feedback from customers and suppliers are listed in the section "Stakeholder and social responsibilities" of the Corporate Governance Statement on page 24.

d) **The impact of the company's operations on the community and environment.** The Board has always considered the health and safety of people and environmental protection as top priorities. In order to manage its environmental responsibilities in a systematic and proactive manner both Directa Plus S.p.A. and Setcar S.A. implemented the ISO 14001 certification. This helps the Group to achieve the intended outcomes of its environmental management system which provides value for the environment, the organization and the interested parties. The Board recognises its responsibilities with regard to the environment and wider community and takes actions to reduce the risk of any potential negative impact the provision of its services and products could have in this area. In 2020 the Covid-19 pandemic encouraged the Board to strengthen further its security and health measures towards its employees and the community in general. Please refer to the CEO's statement in the Strategic report for further information on the Company's considerations on ESG matters.

e) **The desirability of the company maintaining a reputation for high standards of business conduct.** In order to ensure that the business maintains its reputation and integrity, the Board promotes a corporate culture based on sound ethical values and behaviours, which are essential to maximise shareholder value. Those core values serve as a common language that allows all members of staff to work together as an effective team and, it is these values and our shared long-term business vision and strategy that we believe will drive growth in shareholder value over the long term. An ethical code and whistleblowing process are in place and are reviewed regularly. Further details of the Company's Ethical values and behaviours are listed in the section "Ethical values and behaviours" of the Corporate Governance Statement on page 25.

f) **The need to act fairly as between members of the company.** The Group's Board currently consists of three Non-Executive Directors, and two Executive Directors. The Board considers it collectively has an appropriate balance of skills and experience, as well as an appropriate balance of personal qualities and capabilities. This helps to ensure that the impact of decisions on stakeholders is fair and equal, so they too may benefit from the successful delivery of our plan.

We define principal decisions as both those that have long-term strategic impact and are material to the Group, but also those that are significant to our key stakeholder groups. In making its principal decisions, the Board considered the outcome from its stakeholder engagement, the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Company.

Global graphene demand is expected to increase significantly over the next 10 years. The Group is well positioned to benefit from this market growth and to play a key role in its near-term development. The Group's strategy is to target existing products and markets that can be significantly improved with the addition of Directa Plus products. The Group works with key partners, benefitting from their knowledge of the market, strong reputation and commercial channels.

The Group is currently targeting two key markets (Environmental Remediation and Textiles), currently at an advanced stage of products and services commercialisation. The Group has also launched high potential opportunities that are providing encouraging signals and orders, such as Composites. And finally, the Group keeps investing and monitoring high value future opportunities, such as the Lithium-Sulphur Batteries, Coatings, Concrete and Polymers.

The Group operates in a fast-changing environment. The Group keeps investing and growing, exploiting the competitive advantage gained so far and prioritising the verticals with a faster commercial traction and higher financial returns.

Giulio Cesareo
Chief Executive Officer
25 June 2024

Directors' report

Principal activities

Directa Plus is a technology-based Group pursuing the development of innovative manufacturing processes to produce and supply high quality engineered graphene-based products which can be used by third parties in a wide variety of industrial and commercial applications. With the acquisition of a majority 51% stake in Setcar S.A., completed in November 2019, Directa Plus entered the environmental service market with the aim to supply a complete range of services, from chemical analysis for waste identification to water and soil treatment, leveraging on the unique properties of the graphene-based products in our portfolio. Post period, in 2024, Directa Plus increased its shareholding in Setcar S.A. from 50.99% to 99.95% to further maximize the returns from the opportunities in its Environmental Remediation division.

The Group's strategy is to partner with potential customers at an early stage and work with them to develop tailor-made graphene forms that have the desired morphology for each potential customer's specific applications to enable them to capitalise on the high-performance benefits of graphene.

The Group's main country of operation and place of business is Italy, and its registered office address is 50 Broadway, London, SW1H 0BL, UK. Setcar is based in Romania, which is also its main country of operations, and its registered office address is 6 Gradinii Publice Street, 810022, Braila.

Business and strategic review

The information that fulfils the requirements of the strategic report and business review, including details of the results for the year ended 31 December 2023, research and development, KPIs and the outlook for future years, are set out in the Chairman's Statement, Chief Executive Officer's Review and Chief Financial Officer's Review on pages 16 to 17 (The Strategic Report), and in this Directors' Report, together with the description of principal risks and uncertainties. A going concern assessment is set out in the Corporate Governance report and is reported on page 27.

Dividends

The Directors' current intention is that for the foreseeable future, all future earnings at the Group level will be reinvested in the business in order to fund the ongoing growth strategy. In the future, if it is commercially prudent to do so, the Board may consider the payment of a dividend.

Directors' indemnity

The Company has arranged appropriate directors' and officers' insurance to indemnify the directors against liability in respect of proceedings brought by third parties. Such provisions remain in force at the date of this report.

Directors

The following Directors held office as indicated below for the year ended 31 December 2023 and up to the date of signing this report (where not specifically mentioned):

- Richard Hickinbotham
- Giulio Giuseppe Cesareo
- Wesley Clark
- Sarah Cope
- Giorgio Bonfanti

Directors' remuneration and interests

The Directors' Remuneration Report is set out on pages 28 to 29. It includes details of Directors' remuneration, interests in the ordinary shares of the Company and share options.

Corporate governance

The Chairman's Corporate Governance Statement is set out on pages 24 to 27.

Share capital and substantial shareholdings

Details of the share capital of the Company as of 31 December 2023 are set out in note 17 to the consolidated financial statements. As of 31 December 2023, a total of 66,057,649 ordinary shares were outstanding. The following Shareholders own 3% or more of the ordinary shares:

Shareholder	Number of ordinary shares	Percentage of issued ordinary share capital
Nant Capital / Patrick Soon-Shiong	18,975,652	28.73
Dompè Group	8,625,603	13.06
Unicorn Asset Management	5,873,333	8.89
Dr. Jean Marc Droulers / Finanziaria Le Perray *	4,466,449	6.76
Galbiga Immobiliare S.r.l.**	3,958,228	5.99
Schroders Investment Management	3,657,247	5.54

* *Finanziaria Le Perray S.p.A. is a company owned and controlled by Dr. Jean Marc Droulers.*
** *Galbiga Immobiliare S.r.l. is a company owned and controlled by Giulio Cesareo, the CEO of Directa Plus.*

Risk management

The Group's financial risk management is discussed in note 23 to the financial statements. The Directors continually consider how to identify and mitigate the key business risks. Directors ensure that the management of Company delivers leadership and direction to employees so that our overall risk-taking activity is kept within the desired risk appetite. The Group's tolerance for risk in the area of Health Safety and Environmental Protection ("HSEP") is very low. Directa Plus dedicates significant resources to managing and monitoring these risks on a daily basis. The following list considers those that could have a serious adverse impact on Group's performance.

Directors' report

continued

Risk	Mitigation and management strategy	Likelihood*	Impact (on the Group)**	Change***
International conflicts, inflation trends and high interest rates	Directors monitor the main geopolitical developments and constantly assess all the potential impacts on the Group's business, consequently re-adjusting – where necessary – its strategy and operational priorities. Recent international conflicts (e.g. in Ukraine and the Middle East) have been exacerbating strong inflation trends that have seen Central Banks raising interest rates. The Group does not have any contracts with Russian, Ukrainian or Israeli clients and our major clients' business activities appear – in general – not to be currently at risk. The Group has promptly reacted to inflation through an effective policy of price list readjustments and cost optimization. Moreover, the Group carefully manages its funds and treasury allocation to capture the positive interest rates on the market. Overall, Directors believe that the conflicts will not affect the going concern assessment of the Group, and – under certain circumstances – it may create some potential opportunities. For example, the increase in value of the oil and waste recovered or the opening of other applications for G+® could have positive outturns for the Group.	Certain	Major	→
Changes in government policy and legal and regulatory compliance The Group operates in highly regulated industry (Environmental services and waste disposal) through its controlled subsidiary Setcar S.A.. Any changes to government policy, standards or regulatory requirements could affect the Group's operations and results.	Management constantly monitors the regulatory framework to ensure a prompt understanding of any proposed changes.	Possible	Major	→
M&A strategy and delivery Directa Plus, after the acquisition of Setcar S.A. in 2019, and the further stake increase in 2024, considers that integration risks and issues could arise impacting the delivery of the expected benefit.	An integration plan and skilled resources have been deployed to manage the post-acquisition integration. Setcar has operated in the Group over the last two years and the Board of Directors believes that the integration has reached a good level of effectiveness. The Board of Directors is constantly considering how to improve the integration and is kept promptly up to date.	Unlikely	Moderate	↓
Technological risk Directa Plus operates in an industry where competitive advantage has a certain dependency on the technology adopted. It is possible that future technological development or potential substitute materials may affect the acceptance of, and the attribution of value to the Group's graphene production technology and the Group's graphene-based products.	Directa Plus continually monitors the market and its competition and has resources to invest in technological development and product development as appropriate.	Possible	Critical	→
Intellectual property protection risks Failure to protect the Group's IP may result in another party copying, using or taking advantage from the Group's proprietary knowledge and technology without authorisation. There may not be adequate protection for IP in every country in which the Group's products are or will be made available.	The Group monitors scientific papers, news flow and graphene products brought to the market as far as reasonably possible and will take cost-effective legal action if required. The Group is advised by suitably qualified and experienced patent agents and meetings with the patent agents are scheduled regularly.	Possible	Moderate	→
Key employees risks The Group depends upon the continued service and performance of the Executive Officers and key employees. The loss of the services of any of Executive Officers or other key employees could have an adverse impact on the Group's operations, reputation and business activities.	Risks is mitigated by providing long-term incentive arrangements to key employees, building a motivated management team, together with significant opportunities for carrier development.	Possible	Major	→

Risk	Mitigation and management strategy	Likelihood*	Impact (on the Group)**	Change***
Funding risk The Group's growth requires access to funding. It is possible that the Group will need to raise extra capital in the future to continue to develop the Group's business or to take advantage of future acquisition opportunities. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favorable to the Group or to the Group's shareholders.	Risk is mitigated by maintaining good relationships with the Group's main shareholders. The Company is in the process of finalising a c.£6.9 million capital raise by the end of June 2024, subject to the shareholders' approval. In addition, the Group has access to potential additional sources of debt funding with major Italian and Romanian banks, which could lessen any further funding risk.	Possible	Major	→

* *Unlikely, Possible, Likely, Certain*
** *None, Minor, Moderate, Major, Critical*
*** *Defines the direction on the change in the risk: new risk (New), risk increased (↑), risk decreased (↓), no change (→)*

The Group's policies, procedures and practices used to identify, monitor and control a variety of risks may, in some cases, not be effective. The Group's risk management methods rely on a combination of internally developed technical controls, standard practices, observation of market behavior and human supervision.

Annual general meeting

The notice for the convening of the 2024 AGM together with the proposed resolutions is contained in the Notice of AGM sent to all shareholders and is available via the Company's website. Due to the timing of the fundraise and the consequent delay in finalising the audit process and the signing of the accounts there is insufficient time for the 2023 Annual Report and Accounts to be laid at the AGM on 27 June 2024. The Company intends therefore to convene a later General Meeting of shareholders at which the Annual Report may be laid.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with the UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on the corporate website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Director's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

BDO LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at a General Meeting of shareholders at which the 2023 Annual Report is to be laid.

For and on behalf of the Board of Directors

25 June 2024

Corporate governance report

Chairman's corporate governance statement

The Board of Directa Plus plc (the "Company") 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. The Quoted Companies Alliance corporate governance code (the "QCA Code") sets out a minimum best practice standard for small and mid-sized quoted companies, particularly AIM companies. The Company complies with the QCA Code and the Directors propose that the Company should continue to do so having regard to the Company's size, board structure, stage of development and resources. There have been no significant changes in governance arrangements during the 2023 financial year.

Over the last recent years, we have been constantly reviewing the Company's culture and how it is consistent with our strategy, objectives and business model. We have identified some opportunities for improvement in our daily operations. In 2023, after the strong inflation experienced across the world, the organisation has been working to prioritise the recovery of margins with effective actions aimed at renegotiating the company's main contracts, reducing direct production costs and optimising general expenses.

Compliance with each of the principles set out in the QCA code is summarised in this section.

Role of the Chairman

The Board as a whole is responsible for effective corporate governance. As Chairman of the Board, I have overall responsibility for the corporate governance arrangements of the Company in addition to ensuring that corporate governance arrangements are fully adopted within the Company.

In addition, my role as Chairman is to lead the Board, ensuring its smooth running and the effective contribution of all Board members.

Strategy and business model

The Company's business model, strategy and key markets are set out in the Chief Executive Officer's review on pages 10 to 15.

Relations with shareholders

The Chief Executive Officer and Chief Financial Officer are responsible for shareholder liaison and have regular dialogue with institutional investors in order to develop an understanding of their views.

Meetings with analysts and institutional shareholders of the Company take place following the interim and annual results announcements as well as on an ad hoc basis. These presentations are given by the Chief Executive Officer and the Chief Financial Officer, updating on relevant matters and in particular, on the progress of the Company in terms of its operational performance, financial and strategic direction.

The Annual Report and accounts are published on the Company's website, www.directa-plus.com, and can be accessed by shareholders and non-shareholders. Shareholders have the opportunity to meet members of the Board at the Annual General Meeting of the Company where Board members will be happy to respond to questions.

The Board believes that its current approach to shareholder engagement is successful, based on the feedback received and the Investor Meet Company interviews publicly available. In addition, as Chairman, I remain available to talk to shareholders whenever required.

Stakeholder and social responsibilities

The Board considers its key stakeholder groups to include:

- **workforce** – we are a responsible employer, compliant with relevant human resources legislation and recommended practices, as well as Health, Safety and Environmental Protection regulations. In 2020 the Covid-19 pandemic encouraged the Board to strengthen its security and health measures towards its employees and community in general. The Group is maintaining a high level of attention towards its stakeholders health and safety and has achieved an exemplary safety record amongst its workforce;
- **customers** – we have deep and wide relationships with our customers that are crucial for the success of our business in developing novel solutions with our customers and in developing their next generation of products;
- **suppliers** – we aim to develop strong relationships with our suppliers based on trust, understanding and respect; and
- **partners** – we engage with commercial and scientific partners and work with them to develop new applications, building strong and long-lasting relationships.

The Company obtains feedback from stakeholder groups by way of:

- informal meetings and consultation with employees' representatives, and reports received through the Group's Whistleblowing policy;
- regular meetings with main suppliers and undertaking a formal assessment at least once a year;
- a formal survey sent at least once a year to the main customers to assess our level of service; and
- maintaining a social media presence in order to understand the stakeholder sentiment and to obtain their feedback.

The Company has always considered the health and safety of people and environmental protection as top priorities. We take a proactive approach to health, safety and environmental protection by monitoring our production process and products and continuously reviewing our policies. Further information about the Company's approach to sustainability is set out in the Health, Safety and Environmental Protection section of the Company's website.

Risk management

The Directors are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Page 22 sets out the Company's approach to risk management and lists those risks which are considered to have a potentially serious adverse impact on the Company's performance.

Page 27 includes additional information about the Company's internal control system.

The Board

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Company to its shareholders and other stakeholders. The Board has overall responsibility for reviewing the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investment proposals, financial performance reviews, and corporate governance practices.

The Chief Executive ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to the Group, its operational environment and to the Directors' responsibilities as members of the Board. During the course of the year, Directors received updates from the Company Secretary and, if required, from external advisers on a number of corporate governance matters.

The Board consists of two Executive Directors and three Non-Executive Directors. The Board considers all the Non-Executive Directors to be independent.

The number of meetings attended by the Board are disclosed on page 26.

Directors

The Directors continue to remain satisfied that the Board is well balanced and that the Directors possess the sufficient breadth of skills, relevant experience, variety of backgrounds and knowledge to ensure the Board functions appropriately, without being dominated by any one Director. Details of qualities and capabilities that each director brings to the Board are included in the director biography section. Moreover, diversity is strongly considered ensuring the appropriate balance of the Board is developed.

Full biographies of each Director can be found on pages 18 to 19.

The Board keeps under review the skills required to effectively pursue the Company's strategy and discharge its duties. The Chief Financial Officer is also the Company Secretary; the Board does not feel that a full time Company Secretary is currently required but will keep this under review.

Board performance

The Board continually reflects on its performance to identify potential areas for improvement.

Ethical values and behaviours

The Board is committed to ensuring the highest legal and ethical standards and acknowledges its responsibilities in relation to corporate governance.

The Board has produced an Ethical Code which aims to ensure that the Company's employees conduct themselves respectfully and honestly in all their dealings with other employees as well as third parties including clients, suppliers, public institutions, the media, competitors and legal authorities.

Governance structure and processes

Delivering growth and long-term shareholder value with effective and efficient decision-making is of high importance to the Board.

There is a clear division of responsibilities between the Chairman, who is responsible for the effective leadership and smooth running of the Board, and the Chief Executive Officer who, with the other Executive Director, is responsible for the running of the Company.

The Company has established an Audit Committee and a Remuneration Committee. Both committees meet at least twice a year. Details of both committees and a report of their activities undertaken during the 2023 financial year can be found on pages 30 and 31.

Corporate governance report

continued

Board

The Board consists of two Executive Directors and three Non-Executive Directors. The Board considers all the Non-Executive Directors to be independent. The Board consists of four male Directors and one female Director. The current members of the Board and their membership on the Board committees of the Company are as follows:

	Board appointments				Board committees as Chair or member	
Name of Director	Executive Director	Non-Executive Director	Independent Director	Non-independent Director	Audit Committee	Remuneration Committee
Giulio Cesareo	✓	–	–	–	–	–
Giorgio Bonfanti	✓	–	–	–	–	–
Richard Hickinbotham*	–	✓	✓	–	–	Member
Wesley Clark	–	✓	✓	–	Member	–
Sarah Cope	–	✓	✓	–	Chair	Chair

**Richard Hickinbotham holds a total of 60,000 vested ordinary shares under a previous share option plan, a legacy from the initial remuneration package assigned following his appointment in 2017. The Remuneration Committee has no intention to issue any options to NEDs in the future. Based on this, he is considered an independent Director.*

The Board recognises the importance of ensuring the flow of complete, adequate and timely information on an ongoing basis to enable decisions to be made on an informed basis and to enable the Board to effectively discharge their duties and responsibilities. To allow Directors sufficient time to prepare for the meetings, all Board and board committee papers are distributed to Directors a week in advance of the meetings, with any additional material or information provided on request. Directors have unrestricted access to management and receive briefings from them, which enable the Directors to keep abreast of the latest developments. Furthermore, the Company has implemented the appropriate procedures to support Directors in obtaining independent professional advice at the expense of the Company as and when required. Directors receive regular updates in relation to changes in UK adopted accounting standard and regulation.

Committees

The Board has delegated certain functions to its two committees, the Audit Committee and the Remuneration Committee. These committees have their own written terms of reference and their actions are reported to and monitored by the Board. The Board accepts that while these committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board. The functions that typically refer to the Nomination Committee currently remain with the Board.

Time commitments

The Directors devote a sufficient amount of time in order to discharge their duties to the Company both at and outside of Board Meetings. In order to ensure this continued commitment the Board meet at least 6 times a year. In addition to the formal Board Meetings the Board will meet throughout the year as and when required for specific matters.

The time commitments of the Non-Executive Directors are carefully reviewed by the Board and it is noted that Richard Hickinbotham, Sarah Cope and Wesley Clark devote at least 2 days a month to the Company. Details of the Directors' attendance at each of the scheduled Board and Committee Meetings for the 2023 financial year are listed below:

	Board meetings		Audit Committee meetings		Remuneration Committee meetings	
Name of Director	No. held	No. attended	No. held	No. attended	No. held	No. attended
Giulio Cesareo	7	7	N/A	N/A	N/A	N/A
Giorgio Bonfanti	7	7	N/A	N/A	N/A	N/A
Richard Hickinbotham	7	7	N/A	N/A	2	2
Wesley Clark	7	6	4	4	N/A	N/A
Sarah Cope	7	7	4	4	2	2

Internal control

The Directors are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

The main features of the internal control system are as follows:

- close management of the business by the Executive Directors. There are clearly delineated approval limits throughout the Company and a well-defined organisational structure. Controls are monitored at the appropriate level;
- monthly management accounts are prepared and reviewed by the Board, including reviewing variances against prior months and against budgets;
- clear segregation of duties within the Company's finance function help ensure the Company's assets are safeguarded and that proper financial records are maintained; and
- a list of matters that is reserved for the approval of the Board.

The Company has adopted a share dealing code for the Directors and certain applicable employees, which is appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with Rule 21 of the AIM Rules for Companies) and the Company takes all reasonable steps to ensure compliance by the Directors and any relevant employees.

Going concern

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 concern 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.

Richard Hickinbotham
Non-Executive Chairman
25 June 2024

Directors' remuneration report

The Company is not required to prepare a Directors' remuneration report for each financial year and so the Company makes the following disclosure voluntarily.

The Remuneration Committee is responsible for recommending the remuneration and other terms of employment for the Executive Directors of Directa Plus plc.

In determining remuneration for the year, the committee has given consideration to the requirements of the QCA code.

Remuneration policy

The objective of the remuneration policy is 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.

Directors' remuneration

The normal remuneration arrangements for Executive Directors consists of base salary, performance bonuses and other benefits as determined by the Remuneration Committee. Each of the Executive Directors has a service agreement that can be terminated at any time by either party giving notice, the length of such notice period being determined pursuant to the applicable National Collective Bargaining Agreement ("NCBA"), governed by Italian law, depending upon accrued length of service.

Non-Executive Directors are remunerated solely in the form of Director fees determined by the Board and are not entitled to pensions, annual bonuses or employee benefits. Each of the Non-Executive Directors' appointment may be terminated by either party giving three months' prior written notice.

Directors are not involved in specific discussions on their own remuneration.

Having regard to the adverse market conditions, inflation trends, high interest rates and the performance of the Group in 2023, the Remuneration Committee, in agreement with Management, decided not to pay any bonus awards to the Group's executive team. Despite some personal targets being achieved during the year, the Group deemed it to be an appropriate decision in order not to overload the cost structure.

The remuneration of the Directors, in Euros, for the year ended 31 December 2023 was as follows:

2023	Salary/Fees €'000	Bonus €'000	National Insurance contributions €'000	Pension contributions €'000	Total emoluments 2023 €'000
Non-Executive Chairman					
Richard Hickinbotham	75	–	–	–	75
Executive					
Giulio Cesareo	375	–	–	18	393
Giorgio Bonfanti	138	–	9	32	179
Non-Executive					
Wesley Clark	46	–	–	–	46
Sarah Cope	46	–	–	–	46
Total	680	–	9	50	739

2022	Salary/Fees €'000	Bonus €'000	National Insurance contributions €'000	Pension contributions €'000	Total emoluments 2022 €'000
Non-Executive Chairman					
Sir Peter Middleton*	35	–	–	–	35
Richard Hickinbotham	61	–	–	–	61
Executive					
Giulio Cesareo	296	–	11	99	406
Giorgio Bonfanti	122	–	8	29	159
Non-Executive					
David Gann*	46	–	–	–	46
Neil Warner*	46	–	–	–	46
Wesley Clark*	10	–	–	–	10
Sarah Cope*	5	–	–	–	5
Total	621	–	19	128	768

** Sir Peter Middleton resigned from the Board on 17 June 2022*
David Gann resigned from the Board on 17 October 2022
Neil Warner resigned from the Board on 21 November 2022
Wesley Clark was appointed as a Board member on 17 October 2022
Sarah Cope was appointed as a Board member on 21 November 2022

At 31 December 2023 the Directors' interests in the ordinary share capital of the Company were as follows:

Directors' interests

Director	Number of ordinary shares	Percentage of issued share capital	Number of vested ordinary shares under option	Number of unvested ordinary shares under option
Giulio Cesareo*	3,958,228	5.99	200,000	–
Giorgio Bonfanti	–	–	34,000	116,000
Richard Hickinbotham	100,000	0.15	60,000	–
Wesley Clark	–	–	–	–
Sarah Cope	–	–	–	–

** Giulio Cesareo and his family are the sole beneficiaries of 3,958,228 ordinary shares held by Galbiga Immobiliare S.r.l. that are included in the above holding of ordinary shares.*

The Chairman holds a total of 60,000 vested ordinary shares under a previous share option plan, a legacy from the initial remuneration package assigned to Non-Executive Directors in the context of the Company's IPO in 2016 and following his appointment as a non-executive director in 2017. There have been no additional option awards under the NED share scheme which was subject only to market conditions, with an exercise price of 75 pence/share. The Remuneration Committee and the Board of Directors have no intention of issuing share options to Non-Executive Directors in the future.

The terms of the share options plans in place are reported in note 25.

Audit Committee report

Membership

The Board has established an Audit Committee with the appropriate Terms of Reference, which is comprised of Sarah Cope (Chair) and Wesley Clark. The Committee reports to the Board in respect of its responsibilities.

Responsibilities

The Committee met four times in 2023 to discuss its ongoing responsibilities, including such matters as the existing risk management and internal control systems in place, its financial reporting obligations and external audit findings.

An outline of the key responsibilities undertaken by the Committee in the year are set out below:

- review of the Annual and Interim Accounts;
- review of the Auditor's Report and meeting with the Auditor;
- review of the going concern assumptions in line with management's cash flow forecasts;
- performance of sensitivity analysis on the assumptions included within the forecast; and
- matching results against management forecasts for the year ended 31 December 2023.

Internal controls

The Committee continues to monitor and review the Company's financial reporting and internal control procedures. It has been concluded that a separate internal audit function is not justified at this time because of the size and scope of the Company's business activities. However, as the company continues to grow the need for this function will be regularly assessed.

External audit

The Board understands the importance of engaging with the external auditors and in order to support this relationship the external auditor is invited to attend at least one meeting of the Audit Committee each year.

The Committee maintains the responsibility of making recommendations to the Board in respect of the appointment, reappointment and removal of the external auditors. In the reappointment of the auditors the Board carefully considers their performance in discharging the audit, the terms of engagement, and their independence.

Sarah Cope
Chair of the Audit Committee

Remuneration Committee report

Membership

The Board has established a Remuneration Committee with approved Terms of Reference, which is comprised of Sarah Cope (Chair) and Richard Hickinbotham. The Committee reports to the Board in respect of its responsibilities.

Responsibilities

The Committee met twice in 2023 to discuss its ongoing responsibilities, including such matters as recommendations to the Board on all aspects and policies relating to the remuneration of Executive Directors and Senior Managers of the Company.

An outline of the key responsibilities undertaken by the Committee in the year are set out below:

- the setting of financial and personal performance targets for the Executive Directors and Senior Managers of the Company;
- approval of annual bonus awards, determined against Company (60% of total) and individual performance targets. Despite some individual performance targets being met at year end, the Remuneration Committee, in agreement with Management, decided not to pay any bonus awards in order not to overload the Group's cost structure; and
- an annual review of remuneration for all Executive Directors and Senior Managers of the Company.

Sarah Cope
Chair of the Remuneration Committee

Independent auditor's report

to the members of Directa Plus Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Directa Plus Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated and Company statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements which indicates that 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. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group and the Parent Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

Given the conditions and uncertainties disclosed in Note 1, we considered going concern to be a Key Audit Matter.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the Key Audit Matter included:

- Obtaining the Directors' analysis and associated cash flow forecasts in respect of the Directors' assessment of going concern and challenging the key underlying judgments and assumptions. In doing so we assessed the reasonableness of the assumptions over revenue, operating and capital expenditures using our knowledge of the business and through comparing forecasts against recent actuals;
- Assessing managements accuracy at forecasting the Group's future ability to generate cash flows by comparing forecast Earnings Before Interest and Tax ("EBIT") to 2023 actuals and obtaining explanation for variances;
- Obtaining and challenging Management's cash flow forecast and downside scenario tests and performing our own downside scenarios, which included determining the point at which liquidity breaks. The key inputs and assumptions assessed included reducing and delaying future revenue and reducing profit margins;
- Testing the mathematical accuracy and integrity of the forecast and agreeing the current cash resources to supporting documentation;
- Assessing the results of the conditional placing, and discussing the capital raise as announced in June 2024 with management to understand the feasibility of the expected gross proceeds; and
- Reviewing the adequacy and completeness of disclosures in the financial statements in respect of going concern based on the management's going concern assessment.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	• 100% (2022: 98%) of Group loss before tax • 100% (2022: 99%) of Group revenue • 99% (2022: 96%) of Group total assets
Key audit matters	See table below
Materiality	Group financial statements as a whole €160,000 (2022: €150,000) based on 1.5% (2022: 1.5%) of revenue.

Key audit matters	2023	2022
Revenue and profit recognition for long-term contracts	✓	✓
Going Concern	✓	✓
Recoverability of investment in subsidiary undertakings (parent company)	✓	✗

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group comprises of the UK Parent Company and a number of subsidiaries, which are incorporated in Italy and Romania. Full scope audits were performed over the Group's significant components comprising Directa Plus plc, Directa Plus S.p.A. and Sectar S.A.. Specific audit procedures on significant risks were carried out on Directa Textiles Solutions S.r.l. by a local BDO network member firm in Italy under our instructions. The audits of the Italian and Romanian significant components were performed in Italy and Romania, respectively, by local BDO network member firms under our instruction as outline below. The audits of the Parent Company and Group consolidation were performed in the United Kingdom by the Group audit team.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- the Group audit team was actively involved in the direction and supervision of the audits performed by the component auditors along with the consideration of findings and determination of conclusions drawn;
- as part of our audit strategy, we issued detailed group instructions to component auditors detailing the our risk assessment and audit procedures to be performed; and
- we visited the Italy Component where we performed a detailed review of their audit files and attended local clearance meetings with them and management. We held regular remote meetings with the Romanian Component and performed a remote review of their audit files.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section above, we determined the matters below to be the key audit matter to be communicated in our report.

Independent auditor's report

continued

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue and profit recognition for long-term contracts The applicable accounting policies are detailed in Note 2 (j) and disclosures in Note 3 and the applicable judgements applied in Note 1(d).	
The group has one open long term contract, for which it recognised €0.22m of revenue and €0.25m of costs in the period. The Group recognised this revenue over time and measured progress based on the input method by considering the costs incurred to date, relative to the total estimated forecast costs. This is considered a significant risk as the stage of completion and forecast costs are areas of significant judgement. These judgements have a consequential impact on the revenue recognised and certain contract balances in the balance sheet. Having considered the above, we determined that long-term contract revenue and other related contract balances have an inherent high degree of estimation uncertainty with a range of possible outcomes, and hence we determined long term contract accounting to be a key audit matter.	We obtained an understanding of and evaluated management's processes and controls for ensuring its long-term contract meets the requirements of IFRS 15. For the Group's one long term contract, we carried out the following detailed testing: • obtained an understanding of the contract and its particulars by obtaining the initial contract with the customer and holding discussions with commercial teams and management. • agreed forecast revenue to contractual agreements, including variations. • reconciled revenue recognised with amounts applied for and amounts certified by its client, and agreed the amounts received to bank. • re-performed the key calculations behind the margin applied, the profit taken and the stage of completion, as well the determination of contract assets and liabilities. • corroborated costs incurred after the period end and forecast costs to complete the project to documentary evidence. • challenged management over costs that were not in line with our expectations and obtained supporting documentation as applicable to corroborate explanations. • held discussions with management to understand and challenge other areas of judgement taken including anticipated completion date and the impact of any delays. We obtained corroborating evidence for the explanations provided. • tested a sample of costs incurred in the year and ensured that they had been correctly allocated to the project. We considered the adequacy of the disclosures in the financial statements in relation to specific contracts and also the disclosures in respect of significant judgements and estimates.
Key observations We consider that the estimates and judgements made by management in respect of long-term contract revenue recognition and the associated disclosures are appropriate.	
Recoverability of investment in subsidiary undertakings (parent company) The applicable accounting policies are detailed in Note 2 (h) and disclosures in Note 13 and the applicable judgements applied in Note 1(d). Further information is disclosed in Note 13.	
The carrying value of the Parent Company's investment in its subsidiary undertakings was €18.6m at year end after an impairment of €13.6m as disclosed in Note 13. In accordance with the requirements of IAS 36 Impairment of assets, management has performed impairment reviews in relation to the cost of the Parent Company's investment in its subsidiary undertakings. The impairment review included significant estimates and judgements in respect of future growth rates and cash flows and this is therefore deemed to be a key audit matter.	We obtained the Group's discounted cash flow forecasts, supporting its impairment assessment and evaluated the appropriateness of key assumptions. We assessed the methodology used by management against the requirement of IAS 36 and challenged and evaluated key inputs including: • assessing the mathematical accuracy of the model's underlying calculations and agreeing the cash flow forecasts to the plan approved by the Board; • evaluating the appropriateness of forecast cash flows by understanding management's process for forecasting, examining the support for forecast cash flows and assessing subsidiary specific cash flow assumptions for reasonableness; • comparing the projected growth rates used to historical performance to consider the historical accuracy of management's projections; and • considering the market capitalisation of the Group and whether this gave rise to any indicators of impairment, given the early-stage nature of the Group's graphene businesses.
Key observations Based on the procedures performed, we found the judgements and estimates made by management in the impairment assessment of the investments in subsidiary undertakings to be reasonable.	

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2023	2022	2023	2022
Materiality	€160,000	€150,000	€60,000	€60,000
Basis for determining materiality	1.5% of revenue		2% of net assets capped at 40% of Group Materiality	
Rationale for the benchmark applied	Revenue has been selected as we consider it to be the most relevant benchmark as the Group has entered into mainstream trading and service related business activities.		Directa Plus Plc is a holding company with investments in subsidiaries. We have therefore considered net assets to be the most appropriate benchmark. Materiality was capped at a percentage of Group materiality given the assessment of the component's aggregation risk.	
Performance materiality	€120,000	€110,000	€45,000	€45,000
Basis for determining performance materiality	75% of materiality (2022: 75%).			
Rationale for the percentage applied for performance materiality	Performance materiality was set at 75% based on consideration of factors including the level of historical errors and nature of activities.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group based on a percentage of between 40% and 90% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from €60,000 to €140,000 (2022: €60,000 to €140,000). In the audit of each component, we further applied performance materiality levels of 75% (2022: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of €3,000 (2022: €3,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Independent auditor's report
continued

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting
Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below:

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations
Based on:
- our understanding of the Group and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Companies Act 2006, UK adopted international accounting standards, UK tax legislation, the QCA Corporate Governance Code and the AIM Listing Rules.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be employment law and applicable health and safety legislation.

Our procedures in respect of the above included:

- review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures and agreeing to supporting documentation; and
- review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- obtaining an understanding of the Group's policies and procedures relating to:
  – detecting and responding to the risks of fraud; and
  – internal controls established to mitigate risks related to fraud.
- considering the significant laws and regulations of Italy, Romania and the UK to be those relating to the industry, financial reporting framework, tax legislation and the listing rules;
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and revenue recognition.

Our procedures in respect of the above included:

- testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- assessing significant estimates made by management for bias; and
- assessing the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur and determined these areas to be management override of control, bias in accounting estimates and the risk of fraud in revenue recognition;
- performing a detailed review of the Group's year-end adjusting entries and investigating any that appear unusual as to nature or amount and agreeing to supporting documentation;
- assessing whether the judgements made in accounting estimates were indicative of a potential bias; and
- directing the auditors of the significant components to ensure an assessment is performed on the extent of the components compliance with the relevant local and regulatory framework.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including component engagement teams, who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Acloque (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

25 June 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Note	31 Dec 2023 €	31 Dec 2022 €
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)

The notes on pages 42 to 70 form part of these financial statements.

Consolidated and Company statement of financial position

for the year ended 31 December 2023

	Note	Group 31 Dec 23 €	Group 31 Dec 22 €	Company 31 Dec 23 €	Company 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.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Giulio Cesareo
Chief Executive Officer
Date: 25 June 2024

Company registered number: 04679109

The notes on pages 42 to 70 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Share capital €	Share premium €	Foreign currency 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**	**1,221,911**	**6,582,124**

Company statement of changes in equity

for the year ended 31 December 2023

	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**

The notes on pages 42 to 70 form part of these financial statements.

Consolidated and Company statement of cash flows

for the year ended 31 December 2023

		Group		Company	
	Note	31 Dec 23 €	31 Dec 22 €	31 Dec 23 €	31 Dec 22 €
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)
Contingent consideration	21	–	–	–	–
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

The notes on pages 42 to 70 form part of these financial statements.

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 ("IFRS"). 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.

1. Basis of preparation continued

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 ("CGU's") 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.

Notes to the consolidated financial statements
continued

1. Basis of preparation continued

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.

2. Significant accounting policies continued

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.

Notes to the consolidated financial statements
continued

2. Significant accounting policies continued

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 capitalised: 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.

2. Significant accounting policies continued

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 ("CGU's"). The Group's CGU's 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 CGU's 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.

Notes to the consolidated financial statements
continued

2. Significant accounting policies continued

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; and
  - 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).

2. Significant accounting policies continued

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 1 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); and
- 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.

Notes to the consolidated financial statements
continued

2. Significant accounting policies continued

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*); and
- 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 1 will 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.

3. Operating segments continued

2023	Textile €	Environmental €	Others €	Head office €	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)
– Depreciation and amortisation	(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	Textile €	Environmental €	Others €	Head office €	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)
– Depreciation and amortisation	(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.*

Notes to the consolidated financial statements
continued

3. Operating segments continued

	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 e Innova programme to further develop Graphene Plus 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.

4. Government grants continued

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. €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' 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 and 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.

Notes to the consolidated financial statements

continued

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 S.p.A. due to awards cancellations and expiries (2022: €30,959).

A detailed analysis of the remuneration of the Directors is detailed within the Directors' Remuneration Report on pages 28 to 29.

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 and 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).

Notes to the consolidated financial statements
continued

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

	Development cost €	Patents €	Goodwill €	Others €	Brands €	Total €
Cost						
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 differences	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 differences	(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 differences	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 differences	(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.

Notes to the consolidated financial statements

continued

12. Property, plant and equipment

Cost	Industrial equipment €	Computer equipment €	Office equipment €	Plant & machinery €	Land €	ROU assets €	Under construction €	Total €
Balance 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)
Currency translation differences	(261)	–	160	786	83	–	(45)	723
Balance 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)
Currency translation differences	(13,238)	–	(540)	(17,381)	(3,214)	–	(764)	(35,137)
Balance 31/12/2023	2,042,341	88,880	142,828	4,656,473	584,509	779,128	134,121	8,428,280
Depreciation								
Balance 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)
Currency translation differences	(637)	–	122	(52)	–	–	–	(567)
Balance 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)
Currency translation differences	(8,942)	–	(451)	(11,620)	–	–	–	(21,013)
Balance 31/12/2023	1,307,095	71,534	123,642	3,176,794	–	458,406	–	5,137,471
Carrying amounts								
Balance 31/12/2021	778,742	31,496	55,965	2,007,110	587,640	519,606	2,407	3,982,966
Balance 31/12/2022	914,973	25,353	35,911	1,877,628	587,723	417,204	2,362	3,861,151
Balance 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:

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

13. Investments in subsidiaries continued

The Company's investment as capital contributions in Directa Plus S.p.A. are as follows:

	Directa S.p.A.
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

	Group		Company	
Current	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

	Group		Company	
Non-current	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.

Notes to the consolidated financial statements

continued

14. Trade and other receivables continued

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 capitalised	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	1,024,286	3,787,989
Cash in hand	3,616	6,230	–	–
Total	2,393,303	5,727,768	1,024,286	3,787,989

17. Equity

	Group 2023 €	Group 2022 €	Company 2023 €	Company 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 S.p.A. employee.*

Share premium	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 S.p.A. 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 S.A. 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 S.r.l..

Notes to the consolidated financial statements

continued

18. Loans and borrowings

	Group 2023 €	Group 2022 €	Company 2023 €	Company 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	**–**	–

	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	**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 2023 €	Capital repayment €	Liabilities acquired €	Accrued interest €	Liabilities acquired €	**31 December 2023 €**
Borrowings	2,145,818	820,084	945,278	–	–	**2,271,012**
Total	2,145,818	820,084	945,278	–	–	**2,271,012**

18. Loans and borrowings continued

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 1 January 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:

	€
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**

Notes to the consolidated financial statements
continued

20. Employee benefits provision continued

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 Female	1.95% 1.85%	(3,049)	2.45% 2.35%	4,064
Turnover	Male Female	1.00% 0.80%	(16,078)	3.00% 2.80%	14,551
Interest rate Inflation rate		3.05% 1.85%	8,582 (5,468)	3.55% 2.35%	8,582 (5,468)

21. Trade and other payables

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

	Group		Company	
Current	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

	Group		Company	
Current	**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 S.p.A. 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.

Notes to the consolidated financial statements

continued

23. Financial instruments continued

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.

Notes to the consolidated financial statements
continued

25. Share schemes continued

The main terms of the 2020 Employees' 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.*

25. Share schemes continued

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**

Cancellation 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.

Notes to the consolidated financial statements
continued

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 S.p.A. 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.

Directors, secretary and advisers

Directors
Richard Hickinbotham – Non-Executive Chairman
Giulio Cesareo – CEO and Founder
Giorgio Bonfanti – Chief Financial Officer
Wesley K. Clark – Non-Executive Director
Sarah Cope – Non-Executive Director

Company Secretary
Giorgio Bonfanti

Registration number
04679109

Registered office
7th Floor
50 Broadway
London SW1H 0DB
United Kingdom

Principal place of business
Directa Plus plc
ComoNExT Science Park
Via Cavour 2
22074 Lomazzo (Co)
Italy

Nominated adviser and joint broker
Cavendish Capital Markets Limited
One Bartholomew Close
London EC1A 7BL
United Kingdom

Joint broker
Singer Capital Markets
1 Bartholomew Lane
London EC2N 2AX
United Kingdom

Auditors
BDO LLP
55 Baker Street
London W1U 7EU
United Kingdom

Legal advisers
Fox Williams LLP
10 Finsbury Square
London EC2A 1AF
United Kingdom

Registrar
Link Market Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

Financial PR adviser
Alma Strategic Communications
71-73 Carter Lane
London EC4V 5EQ
United Kingdom

Designed and produced by FourthQuarter®

MIX
Paper from responsible sources
FSC® C022913
FSC www.fsc.org

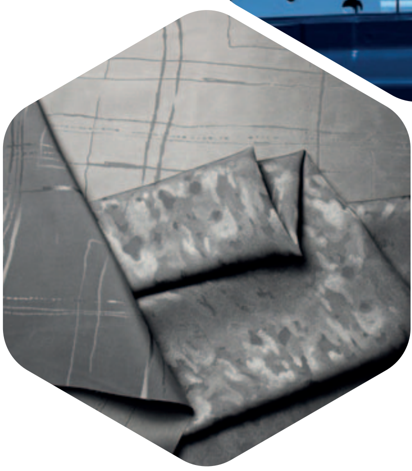
Printed sustainably in the UK by Pureprint, a CarbonNeutral® company with FSC® chain of custody and an ISO 14001-certified environmental management system recycling over 99% of all dry waste.

Directa Plus plc
7th Floor
50 Broadway
London SW1H 0DB
United Kingdom










www.directa-plus.com