17 May 2021

Directa Plus plc
("Directa Plus", "The Group" or the "Company")

Final Results for the Year to 31 December 2020

Directa Plus (AIM: DCTA), a producer and supplier of graphene-based products for use in consumer and industrial markets, is pleased to announce its final results for the 12 months ended 31 December 2020. The Group has maintained its focus on developing and delivering products and services in the Environmental Remediation and Textile verticals, whilst continuing to deliver graphene enhancements to products in other areas where Directa Plus has identified significant commercial opportunities such as Lithium-Sulphur batteries and composites.

The Board is confident about future prospects and expects continuous growth. This is confirmed by the strong performances registered over the start of the current year: in the first four months of 2021 revenues have been around €2.8m, +49% compared to the previous year.

Financial & Operational Summary

Financial highlights

- Product sales and service revenue increased by 144% to €6.43m (2019: €2.63m)
- Total income (including grants) increased by 141% to €6.78m (2019: €2.81m)
- LBITDA €2.62m (2019: €2.71m), in line with market expectations*
- Reported (basic) Loss per share €0.07 (2019: €0.07)
- Cash and cash equivalents at year end of €7.08m (2019: €10.91m)
- Total patents granted at year end 38 (2019: 23)
- 2,018 metric tonnes of recovered hydrocarbons **
- 82k metres of textile printed, padded and laminated in 2020 (2019: 74k mt)

* LBITDA represents results from operating activities before tax, interest, depreciation and amortization.
** Only with reference to the two main projects with OMV Petrom and Lukoil

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, 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 European 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.

Target market progress

Environmental Remediation (68% of revenue (2019: 33%))

- Frost and Sullivan Technology Innovation Award granted to Directa Plus in May 2020 for remarkable Grafysorber® performances in sustainable environmental remediation

- In February 2020, Setcar won a c. €5.0m contract to supply environmental services to GSP Offshore, part of the Romanian oil services group GSP, with a value of c. €0.7 p.a. over seven years
- New contract to supply total waste management services to Cummins Generator Technologies Romania S.A., with Setcar worth c. US$3m over a period of three years, commencing 1 October 2020
- Extension of the collaboration between Setcar and OMV Petrom S.A., the largest energy company in Southern and Eastern Europe, for the treatment of waters and the recovery of crude oil
- Agreement with Petrotel Lukoil S.A. for the draining, cleaning and washing of a first oil storage unit, completed in March 2021 for a total amount of c. €0.4m of services
- Established pipeline of active contract tenders across Europe, including a number of high value opportunities

Textiles (30% of revenue (2019: 63%))

- In a rapid response to the global crisis, Directa Plus launched in June 2020 a G+® graphene enhanced facemask, branded Co-mask™, which significantly reduces the measured incidence of SARS-Cov-2, as confirmed by a team at the Department of Neuroscience, Catholic University of Rome, operating in conjunction with the Gemelli Hospital in Roma.
- €0.1m grant received from European Union's Horizon 2020 research and innovation programme to explore the potential of Co-mask™ in a clinical setting
- In August 2020, signed a collaboration agreement with Poltrona Frau S.p.A, for an initial two years, to develop a sustainable and high-tech leather enhanced by the properties of Directa Plus's proprietary graphene technology
- OEKO-TEX® independent non-toxic certification (an Eco Passport) received in February 2020 for our G+® printing paste technology
- Our technology is chemical free and has been fully demonstrated to have significant anti-viral properties without any issue or potential damage on the human body. We foresee a wide range of potential additional applications of our technology in the future

Composites

- Asphalt additive Gipave®, developed by Directa Plus and Iterchimica and containing the Company's G+ graphene, was installed at Rome's airport in January 2020
- Signed a 3-year agreement with Iterchimica for the exclusive supply of G+ graphene product in the asphalt and bitumen sector worldwide
- New San Giorgio Bridge in Genoa which opened in August 2020, was constructed using Gipave® asphalt supermodifier
- The asphalt applications of our G+ graphene technology is proving exceptional results, and the interest on the market of our product is also growing internationally. We have an enriched pipeline and we expect further projects and success in the near future

Other verticals

- In November 2020 Nextech Batteries and Directa announced that a prototype Lithium-Sulphur battery had exceeded 400Wh/kg which compares to Lithium-Ion of typically between 100-265 Wh/kg
- Post-period end, signed a partnership, 3-year supply agreement and a joint R&D collaboration with NexTech for the supply and development of new grades of G+ graphene nanoplatelets for the production of Lithium Sulphur batteries
- Technical and commercial agreement signed in July 2020 with Italdesign S.p.A to jointly develop a wide range of automotive components enhanced by Directa Plus's graphene technology
- In December 2020 Directa signed a development agreement with the Soft Goods Division of a major international developer and manufacturer of consumer electronics, personal computers and related services for the potential application of G+® graphene on covering materials

Key Performance Indicators

The Board measures the performance of the Group through a number of important financial and non-financial KPIs to help shareholders understand the Group's progress. Our financial KPIs show significant improvement compared to 2019.

The table below summarises the KPIs with further details contained later in this report:

	2020	2019
Revenue from product sales and service (€'m)	6.43	2.63
Total Income* (€'m)	6.78	2.81
LBITDA** (€'m)	(2.62)	(2.71)
Loss after tax *** (€'m)	(4.53)	(3.40)
Adjusted loss after tax **** (€'m)	(3.60)	(3.52)
Reported basic loss per share (€)	(0.07)	(0.07)
Cash and cash equivalents (€'m)	7.08	10.91
Total number of patents granted*****	38	23

** Total Income comprises revenue from product and service sales (€6.43m), and other income including government grants (€ 0.16m) and RDEC – Research and Development Expenditure Credit (€0.10m)*
*** LBITDA represents results from operating activities before depreciation and amortisation of €1.69m (2019: €0.84m). Management believes that LBITDA provides a better reflection of operational performance by removing interest, tax, depreciation and amortisation. LBITDA is a non-GAAP measure*
**** The loss for the year of €4.53m is split between a €4.19m loss owned by the Company and a €0.34m loss in respect of non-controlling interests*
***** Excluding amortisation and depreciation relating to revaluation of acquired assets €0.66m (2019 €0.04m) and cost of exchange rate changes of €0.27m (2019 gain of €0.16m)*
****** Number of grants in portfolio at the end of the period*

Giulio Cesareo, Founder & CEO, said: "*Despite the impact of Covid-19, 2020 saw great progress for Directa Plus not only in our key verticals of environmental remediation and textiles, but also in the other industrial sectors such as composites, batteries and consumer electronics. We have an excellent pipeline of opportunities and our proprietary scalable, modular manufacturing process allows us to produce high quality engineered graphene materials at an attractive price point. We consider health and safety of all stakeholders and environmental protection as top priorities and we expect another year of good progress in 2021. We are particularly excited by our partnership with NexTech for high performance Lithium-Sulphur batteries where we believe we are making excellent progress".*

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Strategic Report

Chairman's Review

2020 has been a year of undoubted challenges with the Covid-19 pandemic, but despite this Directa Plus has shown a remarkable growth and delivered a significant increase in sales (+144% compared to 2019), also thanks to the full year contribution of Setcar trading.

We are pleased at how the business has coped and responded to such difficulties and how the Group has organised itself. Directa Plus's graphene manufacturing operations and headquarters are located in Lomazzo, in the Lombardy region of Northern Italy, which was one of the earliest areas affected by Covid-19. I would like to thank the executives and staff for their efforts and hard work over the last year and for their continuing commitment to the Group's development.

Against this background the Group has explored ways that its technology could be applied to alleviate the effects of the pandemic. The work the Group undertook to design, test, produce and market *Co-masks*™ within months of the initial concept, and to prove their efficacy in fighting Covid-19, is an outstanding example of how a nimble, innovative company can bring products to market and, in turn, provide a deeper understanding about graphene and its numerous applications.

In our environmental remediation vertical Directa is also achieving great success. Revenues from Setcar are growing consistently as more and more clean-up work is undertaken. It is really pleasing to see the Graysorber® technology developed while I have been with Directa employed in real world settings. Directa is, making a meaningful difference to a cleaner marine environment, improving customers' processes, and generating meaningful revenues for the Group. With significant near-term growth opportunities there is every reason to expect even better results in future years.

We rely on an increasingly valuable intellectual property portfolio that continues to build and the benefits of our chemical-free production process that sets Directa Plus apart from its competitors in different areas, such as textiles and batteries, that are normally compromised by impurities.

We have a clear, well-defined strategy and we are well positioned for further growth and increased traction in all areas. We are confident about our prospects and our future growth, as customer references are increasing and our product capability is proven and well recognized on the market. We have plenty of opportunities in front of us: we remain disciplined in the selection of our commercial partners and focused on continually enhancing our capacity and capability.

Following the end of the period, in January 2021, Marco Ferrari, our Chief Financial Officer since October 2014, chose to resign to pursue another role. On behalf of the Board, I would like to thank Marco for his work during his time with Directa Plus and wish him well for the future.

Looking forward, we are very pleased to announce that Giorgio Bonfanti will be joining the Group as our new CFO. He will take up his role on 31 May 2021 and is a very talented young man, bringing a welcome range of experience to Directa.

Despite the disruptions of Covid-19, 2020 was a hugely positive year in Directa Plus's development and the Group's future prospects have never looked stronger. The Board of Directors is confident about the future and excited for the challenges and growth opportunities to come.

Sir Peter Middleton
Chairman
14 May 2021

Chief Executive Officer's Review

Introduction

Despite the economic implications of the Covid-19 pandemic on the markets, 2020 saw great progress for Directa Plus. Over the last 12 months we have significantly increased our revenues by circa +144%, thanks not only to the full year contribution of Setcar trading, which clearly played a key role in driving the revenue increase, but also to our key verticals of environmental remediation solutions and textiles, and to the other industrial sectors where we have developed graphene enhanced products and services where we see material opportunities. We are particularly excited about the possibilities for Lithium-Sulphur batteries and our partnership with NexTech is progressing rapidly.

Strategy and Business Model

Working with established industrial businesses to collaborate on development and manufacturing to bring graphene enhanced products to market, with sustainability always in mind, remains the heart of our model. Directa Plus has developed a proprietary scalable, modular manufacturing process to produce and supply high quality engineered modular graphene materials at low production costs and 100% chemical free.

We build on the expertise of our partners for product development and enhancement, and we leverage on their existing customer relationships to gain market penetration. This allows us to explore a greater number of industries, applications, and products both more quickly and in greater depth.

Indeed, when we have proof of the effectiveness of graphene in enhancing jointly developed products our partners are always keen to open more doors alongside Directa, helping spread the word about the Group further.

We consider the health and safety of all stakeholders and environmental protection as top priorities. Since our company was established, we implement a proactive approach to health, safety and environmental protection by monitoring our production process and products. In 7 years, we have collected 28 certificates proving the absence of negative impacts of G+ graphene on biological systems.

Our key verticals remain environmental remediation and textile production and we can point to great success in those areas in 2020. This has not been to the detriment of our work with other materials and sectors however as our advances with Lithium-Sulphur batteries, polymers and elastomers, and in growing out intellectual property portfolio show.

Environmental remediation

Now deployed at a range of real world sites by the Company’s subsidiary Setcar S.A. (“**Setcar**”), Directa’s Grafysorber® technology is rapidly gaining acceptance in the Oil & Gas industry as a step change improvement from existing water treatment products and services. Reusable and sustainably produced Grafysorber® is five times more effective at hydrocarbon clean-up than competitors and allows recovery of financially valuable oils and sludges. With this range of product advantages Directa was able to deliver increasing commercial success in this vertical in 2020.

The post-acquisition integration of Setcar continues to progress well. 2020 was the first year of control of the company and we have performed and almost completed an important exercise of coordination and realignment to the Group. The Group continues to invest to reshape the Setcar business to ensure it is better positioned to capture growth opportunities. In 2020 Setcar signed 208 new contracts; participated in 115 tenders, of which it won 62; and generated €4.3m in sales (€4.0m in 2019, including the pre-acquisition period).

Setcar has a healthy and encouraging pipeline of contract tenders across Europe, including a number of high value tenders, with two in the private oil and gas sector and another in a state infrastructure network.

On 3 February 2020, Directa Plus announced that Setcar had been awarded a significant contract win to supply environmental services to GSP Offshore, part of the Romanian oil services group, GSP. This marked the second major contract win for Setcar since the completion of the acquisition by Directa Plus and the contract has a value to Setcar of approximately €0.7m per annum over a period of seven years for a total value of approximately €5 million, commencing in February 2020.

Directa Plus's success in developing Grafysorber® was recognised in May 2020 when the Company received a Technology Innovation Award 2020 from global consultants Frost & Sullivan for innovative product and processing technology for treating waters and sludges contaminated by hydrocarbons. In the report, titled 'Graphene for the Environmental Remediation Industry', the authors point out that *"the technology is a remarkable step toward attaining sustainable and cost-effective environmental remediation."*

Setcar signed another significant contract, announced on 13 July 2020, to supply total waste management services to Cummins Generator Technologies Romania S.A., part of the Fortune 500 group Cummins, Inc. The value of the contract to Setcar is estimated to be approximately US$3 million over a period of three years, commencing 1 October 2020.

In 2020 working with OMV Petrom S.A., one of the largest energy company in Southern and Eastern Europe, Setcar treated c.2,500 cubic metres of emulsion generated by the up-stream extraction process. This led to the recovery of c.550 metric tonnes of crude oil, with impurities below 1%, which were returned to the refinery for processing. We have been requested to raise to 2,000 metres per month the production capacity in 2021.
In January 2021 the contract with OMV Petrom was extended to June 2021, with the total value rising to up to €0.4 million.

Working with Petrotel Lukoil S.A., part of LUKOIL Company, Setcar is completing the draining, cleaning and washing of an oil storage tank, beginning in November 2020. Using Grafysorber® technology, Setcar is recovering hydrocarbons by treating the sludge settled on the tank's bottom. This process will also restore the tank to factory nameplate capacity, optimising ongoing operational use by the customer. The project has been completed by the end of March 2021 and Setcar expects to treat c.3,200 cubic metres of sludge recovering more than 2,000 metric tonnes of hydrocarbons including oil and paraffins that can be sent back to the refinery.

Environmental remediation solutions are amongst Directa Plus's most commercially advanced activities. The projects the Group is working on are demonstrating the immense potential that our proprietary Grafysorber® technology embeds. The Group is successfully gaining and fulfilling contracts that clearly demonstrates the high effectiveness of this product. Those recent outcomes are demonstrating that we will expand our market reach, making great progress with an improved product and gaining reputation, which is reflected in an enriched opportunity pipeline for the upcoming months.

Textiles

Our understanding of the possibilities offered by our textiles vertical is always improving. We are looking at a number of ways to apply G+ graphene to a wide range of materials, the performance benefits we can derive, and further potential applications.
In 2020, we operated in a year affected by Covid, thus we have explored all possible ways that the Group's technology could be used to alleviate the effects of the pandemic. Directa Plus has had to adapt working patterns, including changes to the use of office and laboratory space, to help prevent the further spread of Covid-19. The Group's graphene manufacturing operations and headquarters are located in Lomazzo in the Lombardy region of Northern Italy, which was one of the earliest affected areas for Covid-19. Much of our

focus in 2020 was on the development of the *Co-mask*™ and we believe that work can now have broader applications. In the meanwhile, we are proud to have developed a number of key further applications to other materials, such as garments and furniture manufacture.

We have launched an own brand line of performance sportswear for sale online to demonstrate consumer demand and provide focus for our product development. Our partnerships continue to offer promising outcomes for 2021 and beyond.

As part of a partnership called GREEN.TEX, Directa Plus received a grant from the EU in January 2020, to develop an environmentally sustainable technology to digitally print its G+® graphene product on fabrics. The project partners are EFI Reggiani, the Italian subsidiary of global digital printing group Electronics For Imaging, Inc. ("**EFI**"), and IBS Consulting Group. Due to last for an initial 24 months, the project's aim of developing digital printing will offer improved fabric performance, much greater flexibility in production and will focus on environmental sustainability of processes and materials.

On 12 February 2020, the Company announced that had secured OEKO-TEX® certification for Directa Plus's proprietary G+ graphene printing paste technology. *Eco Passport* by OEKO-TEX® is an independent certification system for chemicals, colourants and auxiliaries used in the textile and leather industry. Operating since 1992 OEKO-TEX® offers testing and certification to companies worldwide.

By 19 June 2020, the Company was able to announce that the work it had undertaken in response to Covid-19 had led to the development of G+® graphene enhanced facemasks, branded *Co-mask*™, and their availability for retail sale at a new, dedicated website: https://graphene-plus.com/. This product has proven very popular, with many orders received by the publication of this report, including 25,000 units by a leading Italian luxury sports car manufacturer.

The Group is proud to have been able to respond to a global crisis by quickly developing a product that can help a large number of people. Therefore it was very pleasing that the anti-viral properties of the *Co-mask*™ were confirmed in August 2020 by a team at the Department of Neuroscience, Catholic University of Rome, operating in conjunction with the Gemelli Hospital in Rome. Tests showed that G+® graphene can improve textile properties and significantly reduce the measured incidence of SARS-CoV-2 when the virus is deposited or filtered through functionalised cotton or a non-woven fabric (polyurethane). A scientific paper containing the full details of the trial and the results is underway and is expected to be published shortly.

Sales of the Company's G+® enhanced face masks continued to grow in the second half of the year, contributing meaningfully to top line revenue, totaling c. €0.6 million in 2020.

The Company is exploring the potential of Directa's facemask to be used in clinical settings with a €0.1m grant from the European Union's Horizon 2020 research and innovation programme, as part of the Inno4Cov-19 Project. The research will also include work to develop biodegradable G+® enhanced filters and sanitisation process for the face-mask using household items such as an iron or a hairdryer.

On 10 August 2020 the Company announced the signing of a new collaboration agreement with Poltrona Frau S.p.A, a global leader in high-end furniture manufacture for residential, bespoke and commercial use. The agreement is for an initial two years with the aim of developing a new sustainable and high-tech leather enhanced by the properties of Directa Plus's proprietary graphene technology. It is anticipated that G+® enhanced leather will provide antimicrobial and antiviral properties, improved thermal regulation, electrical conductivity, and mechanical properties such as abrasion resistance and UV resilience.

In March 2021, Directa Plus was able to announce another test result relating to the absence of absorption of its pristine graphene nanoplatelets powder (Pure G+®) through human skin. A total of eight in vitro test results now show that Pure G+® has no potential negative impact on human health.

We are extremely proud of our great developments in our textiles products. Our technology has been fully demonstrated to have significant anti-viral properties without any issue or potential damage on the human body. Our chemical free production process allows it to be effective and totally safe for the customers. Our G+® graphene enhanced facemasks represented our initial response to the Covid pandemic and application launched on the market, and we foresee a wide range of potential additional applications of our technology in the future.

Composites

The Group has made significant strides elsewhere in our deployment of our graphene technology in certain composite materials, with great achievements in asphalt applications.

A six-month trial was announced on 8 January 2020 that has seen graphene enhanced asphalt used for the first time at an airport. The asphalt additive Gipave®, developed by Directa Plus and Iterchimica and containing the Company's G+ graphene, was installed at taxiway Alpha at Rome's Fiumicino airport. The project is in collaboration with G.ECO S.r.l., part of Italy's largest multi-utility company Gruppo A2A, and the University of Milan-Bicocca.

January also saw the signing of an agreement between Directa Plus and Comerio Ercole S.p.A. to pursue joint research and development projects using the Company's G+ technology to develop products in the rubber and tyres, plastic and non-woven materials industries.

April 2020 saw the announcement of an agreement with established industrial partner, Iterchimica, for the supply of a special grade of the Company's G+ graphene product, known as ITC1, the graphene modifier component of the jointly developed Gipave® road surface. The Agreement provides for the exclusive supply of the G+ graphene product to Iterchimica in the asphalt and bitumen sector worldwide and is for an initial duration of three years, with growing interest from potential customers in Italy, the UK, and the United States.

Another road trial of Gipave® was announced on 25 June 2020, in this instance in Kent, United Kingdom. The results of the trial will give further confidence to potential purchasers.

On 4 August 2020, the new San Giorgio Bridge in Genoa was opened by the President of Italy, Sergio Mattarella. The new bridge, replacing the old Morandi Bridge structure that collapsed on 14 August 2018, was completed just 22 months after the disaster to designs by Genoa born Renzo Piano. The road surface on the bridge was constructed using the Gipave® asphalt supermodifier, jointly developed by Iterchimica and Directa Plus.

The asphalt applications of our G+ graphene technology is providing exceptional results, and the interest in the market for our product is growing internationally. In the meanwhile, we are continuing to explore further potential applications in the composites vertical.

Additional industrial verticals

Lithium-Sulphur Batteries

Lithium Sulphur batteries are considered to be a superior battery technology to Lithium-Ion battery technology due to possessing a superior energy density, a significant cost advantage, a superior safety profile, and a less complex manufacturing process. With applications throughout the global supply chain, not least in electric vehicles, the scale of demand for these next generation batteries is likely to be enormous.

Directa's G+ pristine graphene nanoplatelets can be used as a raw material for manufacturing the cathode of Lithium Sulphur batteries, and so there is the potential for Lithium-Sulphur batteries to become another key vertical for the Group.

In October 2020, Directa Plus signed a Memorandum of Understanding with NexTech Batteries ("**NexTech**"), a leading company in the field of Lithium Sulphur batteries based in Nevada, USA, to collaborate on activities aimed at securing the supply to NexTech of Directa's G+ nanoplatelets. This followed significant test work which validated the suitability of the Company's G+ materials for Lithium Sulphur battery production.

By November 2020, Directa Plus and NexTech were able to announce that a prototype Lithium-Sulphur battery using the Directa's G+® pristine graphene nanoplatelets, had achieved above 400 Wh/kg (watt-hours per kilogram, the usual measure of energy density) in a practical system. For comparison, standard Lithium-Ion batteries have an energy density of 100-265 Wh/kg.

In February 2021, Directa Plus and NexTech agreed to form a deeper partnership, with a three-year supply agreement for the provision of a specific grade of G+® pristine graphene nanoplatelets and a joint R&D collaboration to develop new specific grades of nanoplatelets. Both parties will dedicate selected scientists from their R&D teams and a joint laboratory has been established in Lomazzo.

Consumer Electronics
In December 2020 Directa Plus signed a development agreement with the Soft Goods Division of a major international developer and manufacturer of consumer electronics, personal computers and related services. The agreement covers the potential application of G+® graphene on covering materials of consumer devices, exploiting the antiviral-antibacterial properties of G+® graphene as well as its thermal and electrical conductivity.

Automotive
Directa Plus made its first move into automotive design, in July 2020, signing a technical and commercial agreement with Italdesign S.p.A, a global leader in automotive design and engineering. Part of Volkswagen AG, Italdesign also specialises in styling, engineering, prototyping and testing services, and the manufacture of ULSP (ultra-low series production) vehicles. The agreement will allow Directa Plus and Italdesign to jointly develop a wide range of automotive components enhanced by Directa Plus's graphene expertise.

Other areas
The Company is continuing to work on additional opportunities in new high potential verticals including energy storage, golf balls, and paints. We are also exploring the developments within the rubber and tyres, plastic and non-woven materials industries.
Moreover, in February 2021, research undertaken by scientists at the Polytechnic of Turin was published in an article in the journal *Polymers* showing that the use of water-based G+ graphene ink to coat polymeric foam confers significant flame-retardant properties versus untreated polymeric foam. A simple application of G+ ink to the external faces of the foam provided good flame-retardant properties, tested in both horizontal and vertical conditions. Polymeric foams are used in many applications from roof insulation to furniture and are extremely flammable meaning that the potential market for G+ fire retardant technology is sizeable.

We are examining ways to realise the value of patents in the market, exploring potential license opportunities or royalty models that could be the most effective models for us at this stage.

Intellectual Property

The Group continues to protect its intellectual property portfolio, which at the date of this report comprises 48 patents granted and 21 patents pending. The whole portfolio represents a significant value for the Group.

On 27 April 2020 Directa Plus was granted an EU-wide patent covering the use of its graphene based Grafysorber® technology for treating waters and sludges contaminated by hydrocarbons.

On 26 May 2020 the Company was granted an Italian patent for its Planar Thermal Circuit® invention. The patent covers the use of the G+® graphene circuit applied onto fabrics of any type and which is able to absorb body heat and move it from the hottest to the coldest point of the circuit, providing a significantly increased sense of comfort to the wearer or user.

On 22 June 2020 Directa Plus announced that the Company had been granted its sixth Chinese patent, covering the use of the Company's G+® graphene technology for bicycle, motorcycle and passenger car tyres as well as truck and bus radial tyres, specifically the tyre treads.

On 30 July 2020, Directa Plus was granted a patent by the Italian Patent Office for the Company's G+® graphene to improve the performance of rubber-based shoe outsoles. The patent covers both the formula containing G+® and the outsole made with the formula.

Directa Plus published a Scientific paper on Applied Polymer Science in September 2020, certifying the G+® nanoplatelets morphology in compliance with ISO/TS80004-13:2017. One more paper covering the antiviral properties of G+® treated fabrics was also submitted.

In December 2020 Directa Plus was granted a second patent on the equipment used for the super-expansion of intercalated natural graphite in the Group's core plasma technology. The new machinery has a production capacity at least five times higher, and is much more durable, than the Group's existing technology, resulting in an increase in manufacturing capability and lower maintenance costs. The grant of the new patent protects the Group's core production process for an additional 20 years.

Post-period in January 2021, Directa Plus received Notices of Allowance in respect of four patents, ahead of the formal grant: a US patent for the Group's Graysorber® environmental remediation technology; an EU patent for the Group's sustainable, chemical-free G+ production process; a US patent for the use of G+® graphene supermodifier to improve the performance of elastomers, specifically tyres; and an EU patent covering the same use of G+® supermodifier in tyres.

Environmental, Social and Governance policies

Environmental sustainability is at the heart of Directa Plus's business, our research, manufacturing, commercialisation, and purpose.

From the earliest stages of our research into graphene applications we were determined to design manufacturing processes for our pristine nanoplatelets that would avoid the need for chemical processes and so avoid wasteful by-products. We continue this approach now – always seeking to design the most efficient manufacturing and proving the safety and sustainability of our products working with recognised environmental organisations.

When deciding our commercialisation strategy, we made it a priority to work only 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.

Our commitment on this matter emerges also with our Grafysorber® based technology and products, which are environmentally friendly solutions aimed at solving both historical pollution problems and oil spills.

Outlook

We are very proud at Directa Plus of the development that we have undertaken into real world graphene applications for consumers, and this is reflected in the strength of our intellectual property portfolio.

That said, I did not found Directa Plus purely to undertake research and testing. The Group is a commercial enterprise and we are focused on delivering increased value for our shareholders through selling the products and services we develop across all of the markets we work in. Today we are providing valuable services and products to a growing list of customers within our verticals and we believe we have an ever increasing opportunity to create value for the Group and to grow both operationally and financially.

Looking at another significant year on year growth in revenues we can now unequivocally state that the strategy is working. The R&D work we undertook in environmental remediation has directly led to the successes Setcar is enjoying today. With significant tender decisions concerning multi-million euro contracts due in the summer of 2021 the potential for continued rapid growth is clear.

Our ability to repeat that success across our other verticals is also looking extremely promising. In Textiles our performance sports and outwear is gaining significant traction with consumers; and we have seen very promising developments in mask tech and expanding the use case through clinical certification.

We are advancing the uptake of graphene composite enhanced asphalt with the results of year-long real world trials soon to complete. Our work with top quality partners in the automotive market is very exciting as we look at a number of different elements of cars we can work on. Lithium-Sulphur batteries also present a huge opportunity to improve upon nascent battery technology with a huge range of applications. The strategic R&D agreement with NexTech Batteries Inc. will allow us to initiate an exciting and promising collaboration in an industry with such a massive growth potential.

Delivering significant growth in a difficult year for the global economy is testament to the hard work of Directa Plus's employees. We believe that over the last 12 months we increased our reputation in the market, and existing and potential customers are gradually understanding and perceiving well the value of our products. We look forward to further growth and we are extremely positive on future success.

Financial review

At the end of March 2021 our Chief Financial Officer Marco Ferrari, working with us in Directa Plus since October 2014, has left the Group for pursuing another role. On behalf of the Board, I would like to thank Marco for his work during his time with Directa Plus and wish him well for the future.
I am very pleased to announce that Giorgio Bonfanti will be joining the Group as our new CFO.
Giorgio is a highly competent young man with the right skills to tackle the significant opportunities that Directa will face in the future.

Key Performance Indicators

The Board measures the performance of the Group through a number of important financial and non-financial KPIs to help shareholders understand the Group's progress. Our financial KPIs show significant improvement compared to 2019.

The table below summarises the KPIs with further details contained later in this report:

	2020	**2019**
Revenue from product sales and service (€'m)	6.43	2.63
Total Income* (€'m)	6.78	2.81
LBITDA** (€'m)	(2.62)	(2.71)
Loss after tax *** (€'m)	(4.53)	(3.40)
Adjusted loss after tax **** (€'m)	(3.60)	(3.52)
Reported basic loss per share (€)	(0.07)	(0.07)
Cash and cash equivalents (€'m)	7.08	10.91

Total number of patents granted*****	38	23

** Total Income comprises revenue from product and service sales (€6.43m), and other income including government grants (€ 0.16m) and RDEC – Research and Development Expenditure Credit (€0.10m)*
*** LBITDA represents results from operating activities before depreciation and amortisation of €1.69m (2019: €0.84m). Management believes that LBITDA provides a better reflection of operational performance by removing interest, tax, depreciation and amortisation. LBITDA is a non-GAAP measure*
**** The loss for the year of €4.53m is split between a €4.19m loss owned by the Company and a €0.34m loss in respect of non-controlling interests*
***** Excluding amortisation and depreciation relating to revaluation of acquired assets €0.66m (2019 €0.04m) and cost of exchange rate changes of €0.27m (2019 gain of €0.16m)*
****** Number of grants in portfolio at the end of the period*

Financial overview

2020 results reflect for the first time a full year contribution from Setcar SA that had a significant positive impact on our revenue from product sales and service, which grew to €6.43 million (€2.63 million in 2019). Revenue was also positively impacted also by the sales of our *Co-mask*™ product, which contributed with c. €0.57 million of sales.

We continue to spend on research and development across our key industrial verticals as one would expect in a technology led, growth orientated business and we are seeing positive outcomes as a result, with meaningful revenue growth in several categories.

LBITDA for the period was €2.62 million, showing a slight improvement compared to previous year (€2.71 million in 2019). Despite being still negative, EBITDA loss from Directa Plus SpA improved by 17%, while Setcar showed a positive EBITDA of €0.12 million, compared to the €0.41 million last year contribution.

The Group loss after tax was in line with management expectations at €4.53 million. Adjusted loss after tax, which excludes depreciation and amortisation from the revaluation of acquired assets of Setcar and the cost of exchange rate changes, was €3.60 million and in line with previous year (€3.52m in 2019).

The table below details the adjustments to loss after tax:

Adjusted loss after tax (€m)	**2020**	**2019**
Loss after tax	(4.53)	(3.40)
Depreciation and amortisation referred to revaluation of acquired assets	0.66	0.04
Exchange rate variances	0.27	(0.16)
Adjusted loss after tax (€m)	**(3.60)**	**(3.52)**

As of 31 December 2020, inventories increased up to €1.38 million (2019: €1.10m), in line with the growth of the business and at a level that ensures that the Group can meet growing demand from key clients in a timely manner.

Total assets of the Group totaled €17.71 million (2019: €21.99m) and the decrease compared to the previous year was mainly driven by the drop in cash and cash equivalents €7.08 million, vs €10.91m as of 31 December 2019). The decrease was mainly driven by still negative cash-flows from operating activities, also affected by the partial repayment of the deferred consideration in connection with the Setcar acquisition (€0.21m).

In 2020 the Group raised additional debt funds guaranteed by the Italian government for €0.33m and Setcar increased its loan facility up to €0.69m (2019 €0.35m). Moreover, Setcar obtained an additional loan from its other main shareholder (GVC Investment Company) reaching a total amount of €0.98m. Post period, such shareholder's loan was entirely converted into equity.

The Group has an ambitious long-term growth strategy and may in the future consider raising additional capital through an equity issue to capture additional opportunities and to accelerate its growth. In addition, it looks increasingly likely that the Group will have access to a €1.5-2 million loan backed by the Italian government, as part of the Covid-19 recovery programme, offered at competitive costs.

It is expected that the receipt of Italian government funding will help sustain the Group until it reaches anticipated cash flow break-even, and to assist the Group as it seeks to the exploit several significant commercial opportunities across an enriched pipeline, including Lithium-Sulphur batteries, further improvement in graphene production, the development of higher performing products and the maintenance of competitive advantage.

In the short term the Group's priorities continue to be focused on a reduction in cash consumption and an improvement in profitability.

A description of the main risks and uncertainties facing the Group are described within the Directors' Report in the Annual Report.

Giulio Cesareo
Chief Executive Officer
14 May 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In euro	**Note**	**31 Dec 2020**	**31 Dec 2019**
Continuing operations			
Revenue	3	6,434,480	2,631,819
Other income	3/4	345,826	183,033
Changes in inventories of finished goods and work in progress		213,229	87,537
Raw materials and consumables used	6	(2,564,317)	(1,185,360)
Employee benefits expenses	7	(3,769,274)	(2,148,923)
Depreciation and amortisation	11/12	(1,690,872)	(837,055)
Other expenses	8	(3,279,927)	(2,286,054)
Results from operating activities		**(4,310,855)**	**(3,555,002)**
Finance Income	9	1,175	164,536
Finance expenses	9	(347,707)	(35,972)
Net finance costs		**(346,532)**	**128,563**
Loss before tax		**(4,657,387)**	**(3,426,439)**
Tax expense	10	124,414	25,225
Loss after tax from continuing operations		**(4,532,973)**	**(3,401,214)**
Loss of the year		**(4,532,973)**	**(3,401,214)**
Other Comprehensive income items that will not be reclassified to profit or loss			
Defined Benefit Plan re-measurement gains and losses	20	7,821	(12,802)
Other comprehensive income/(expense) for the year (net of tax)		**7,821**	**(12,802)**
Total comprehensive (expense)/income for the year		**(4,525,152)**	**(3,414,016)**
Loss attributable to			
Owner of the Parent		(4.195,011)	(3,585,215)
Non-controlling interests		(337,962)	184,001
		(4,532,973)	**(3,401,214)**
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(4,187,190)	(3,598,017)
Non-controlling interests		(337,962)	184,001
		(4,525,152)	**(3,414,016)**
Loss per share			
Basic loss per share	23	(0.07)	(0.07)
Diluted loss per share	23	(0.07)	(0.07)

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

		Group		Company	
In euro	**Note**	**31-Dec-20**	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
Assets					
Intangible assets	11	2,042,767	2,202,452	-	-
Investments	13	-	-	23,680,336	21,180,336
Property, plant and equipment	12	4,209,267	4,730,752	-	-
Other receivables	14	140,649	109,698	-	-
Non-current assets		**6,392,683**	**7,042,902**	**23,680,336**	**21,180,336**
Inventories	5	1,375,947	1,095,936		-
Trade and other receivables	14	2,857,460	2,943,286	166,262	203,404
Cash and cash equivalent	16	7,080,492	10,906,076	4,283,625	7,669,360
Current assets		**11,313,899**	**14,945,298**	**4,449,887**	**7,872,765**
Total assets		**17,706,582**	**21,988,200**	**28,130,223**	**29,053,101**
Equity					
Share capital	17	190,996	190,512	190,996	190,512
Share premium	17	31,395,612	31,395,612	31,395,612	31,395,612
Foreign Currency Translation Reserve	17	(7,015)	4,147	-	-
Retained Earnings	17	(21,824,229)	(17,656,325)	(3,573,130)	(2,616,723)
Equity attributable to owners of Group		**9,755,364**	**13,933,946**	**28,013,478**	**28,969,401**
Non-controlling interests	17	906,885	1,240,194	-	-
Total equity		**10,662,249**	**15,174,140**	**28,013,478**	**28,969,401**
Liabilities					
Loans and borrowings	18	1,017,716	-	-	-
Lease liabilities	19	627,138	439,690	-	-
Employee benefits provision	20	444,483	416,095	-	-
Other payables	21	65,397	196,690	-	-
Deferred tax liabilites	15	8,423	135,059	-	-
Non-current liabilities		**2,163,157**	**1,187,534**	-	-
Loans and borrowings	18	981,065	484,701	-	-
Lease liabilities	19	214,935	184,900	-	-
Trade and other payables	21	3,685,176	4,956,926	116,745	83,699
Current liabilities		**4,881,176**	**5,626,527**	**116,745**	**83,699**
Total liabilities		**7,044,333**	**6,814,061**	**116,745**	**83,699**
Total equity and liabilities		**17,706,582**	**21,988,200**	**28,130,223**	**29,053,101**

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 € 956,408 (2019: € 558,846).

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: 14 May 2021

The notes below form part of these financial statement

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In euro	Share Capital	Share premium	Foreign Currency Translation Reserve	Retained Earnings	Total	Non-controlling interests	Total Equity
Balance at 31 December 2018	**154,465**	**22,104,240**	**-**	**(14,044,656)**	**8,214,049**	**27,361**	**8,241,410**
Total comprehensive (expense)/income for the year							
Loss of the year	-	-	-	(3,585,215)	**(3,585,215)**	184,001	**(3,401,214)**
Total other comprehensive (expense)/income	-	-	-	(12,802)	**(12,802)**	-	**(12,802)**
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**(3,598,017)**	**(3,598,017)**	**184,001**	**(3,414,016)**
Capital raised	36,047	10,043,120	-	**-**	**10,079,167**	-	**10,079,167**
Expenditure related to the issuance of shares	-	(751,748)	-	**-**	**(751,748)**	-	**(751,748)**
Share-based payment	-	-	-	(13,652)	**(13,652)**	-	**(13,652)**
Setcar non-controlling interest of acquisition	-	-	-	-	**-**	**1,028,831**	**1,028,831**
Balance at 31 December 2019	**190,512**	**31,395,612**	**4,147**	**(17,656,325)**	**13,933,946**	**1,240,194**	**15,174,140**
Total comprehensive (expense)/income for the year							
Loss of the year	-	-	-	(4,195,011)	**(4,195,011)**	(337,962)	**(4,532,973)**
Total other comprehensive (expense)/income	-	-	-	7,821	**7,821**	-	**7,821**
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**(4,187,190)**	**(4,187,190)**	**-**	**(4,525,152)**
Capital raised	484	-	-	-	**484**	-	**484**
Translation reserve	-	-	(11,162)	-	**(11,162)**	-	**(11,162)**
Share-based payment	-	-	-	19,286	**19,286**	-	**19,286**
Increase in share capital of Directa Textile Solutions	-	-	-	-	**-**	4,653	**4,653**
Balance at 31 December 2020	**190,996**	**31,395,612**	**(7,015)**	**(21,824,229)**	**9,755,364**	**906,885**	**10,662,249**

COMPANY STATEMENT OF CHANGES IN EQUITY

In euro	**Share Capital**	**Share premium**	**Retained Earnings**	**Total equity**
Balance at 31 December 2018	**154,465**	**22,104,240**	**(2,055,143)**	**20,203,562**
Loss for the year	**-**	**-**	**(558,846)**	**(558,846)**
Capital raised	**36,047**	**10,043,120**	**-**	**10,079,167**
Expenditure related to the issuance of shares	-	(751,748)	**-**	**(751,748)**
Share-based payment	**-**	**-**	**(2,733)**	**(2,733)**
Balance at 31 December 2019	**190,512**	**31,395,612**	**(2,616,722)**	**28,969,402**
Loss for the year	**-**	**-**	(956,408)	(**956,408)**
Capital raised	**484**	**-**	**-**	**484**
Expenditure related to the issuance of shares	**-**	**-**	**-**	**-**
Share-based payment	**-**	**-**	**-**	**-**
Balance at 31 December 2020	**190,996**	**31,395,612**	**(3,573,130)**	**28,013,478**

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

In euro	Note	Group		Company	
Note		2020	2019	2020	2019
Cash flows from operating activities					
Loss for the year before tax		(4,657,387)	(3,426,439)	(956,408)	(558,846)
Adjustments for:					
Depreciation	12	1,020,387	452,309	-	-
Amortisation of intangible assets	11	670,485	384,746	-	-
Share-based payment expense		19,286	(13,652)	-	(2,733)
Finance income	9	(1,175)	(164,535)	(867)	(164,529)
Finance expense		326,118	35,829	227,367	2,081
Interest of lease liabilities		21,589			
		(2,600,697)	**(2,731,742)**	**(729,908)**	**(724,028)**
Increase/Decrease in:					
- inventories	5	(280,011)	(79,451)	-	-
- trade and other receivables	14	179,292	240,963	37,142	(44,811)
- trade and other payables	21	(1,398,380)	(714,799)	33,047	(19,685)
- provisions and employee benefits	20	24,844	59,342	-	-
Net cash from operating activities		**(4,074,952)**	**(3,225,687)**	**(659,720)**	**(788,524)**
Cash flows from investing activities					
Interest received	9	1,175	2,874	867	3,982
Investment in intangible assets		(434,898)	(232,546)	-	-
Investment in subsidiary	13	-	-	(2,500,000)	(5,000,000)
Net cash arisen from business acquisition		-	(137,345)	-	-
Contingent consideration		(208,097)	-	-	-
Acquisition of property, plant and equipment		(195,991)	(161,589)	-	-
Net cash used in investing activities		**(837,811)**	**(528,606)**	**(2,499,133)**	**(4,996,018)**
Cash flows from financing activities					
Proceeds from Capital raise		484	10,079,167	484	10,079,167
Expenditure related to the issuance of shares		-	(751,747)	-	(751,747)
Interest paid		(45,647)	(9,773)	(2,148)	-
New Borrowings		1,874,243	-	-	-
Repayment of borrowings	18	(360,164)	(190,193)	-	-
Interest of lease liabilities		(21,589)	(16,124)	-	-
Repayment of lease liabilities		(78,646)	(115,133)	-	-
Net cash from (used in) financing activities		**1,368,681**	**8,996,197**	**(1,664)**	**9,327,420**
Net increase (decrease) in cash and cash equivalent		**(3,544,082)**	**5,241,904**	**(3,160,516)**	**3,540,797**
Cash and cash equivalent at beginning of the year		**10,906,076**	**5,503,884**	**7,669,360**	**3,968,016**
Exchange (losses)/gains on cash and cash equivalents		**(281,502)**	**160,548**	**(225,219)**	**160,548**
Cash and cash equivalent at end of the year		**7,080,492**	**10,906,076**	**4,283,625**	**7,669,360**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. **Basis of preparation**
   a) **Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively 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

As of 31 December 2020, the Group (including the Company) had net assets of €10.66m (2019: €15.17m) and cash and cash equivalent of €7.08m (2019: €10.91m).

The Directors are aware that there is an ongoing need to monitor the cash flow requirements of the Company and Group for the upcoming months, particularly in light of the recent developments in the markets due to the COVID-19 pandemic which has had a significant, immediate impact on global economies. In this regard, the Group prepares annual budgets and forecasts in order to ensure that they have sufficient liquidity to meet liabilities and commitments as they fall due. The Directors regularly review updates to the scenario planning such that the Board can put in place the appropriate mitigating actions within their control.

Based on the most recent projections, the Directors believe that the Group will have sufficient funds in place, up until at least the end of 2022, to meet liabilities as and when they fall due. Despite this, given the current global economic status, the Directors have carried out a downward sensitivity analysis stressing the base financial projections by applying a further material reduction in forecast revenues, and modelling mitigation or deferral of capital and operational expenditure within the control of Management and the Board. Based on these downward scenarios, the Directors believe that the Company will still have the funds to support the Group as a going concern until the end of 2022 and at least the next 16 months from the date this report is authorised. The Directors note however that the markets in which the company is engaged have significant growth potential and that thus far in 2021 the Company is performing well.

The Directors will continue to closely monitor performance and continue to review the funding necessary to exploit the growth opportunities in its markets and the Group is progressively improving its working capital funding need. Notwithstanding this, it is likely that in the future further funds will be needed to support and accelerate its ambitious growth. Based on current forecast, further funding is not required to support the going concern basis of preparation over the next 12 months from approving this report, however, as part of the continued improvement of the Group's funding position Management are currently seeking to raise supplementary subsidized financing for a total amount of €1.5-2m in 2021 that would further strengthen the cash funds available to the Group.

The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

b) **Basis of consolidation**

I. Business combination

The Group accounts for business combination using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair value of the assets acquired, liabilities incurred or assumed, and equity instruments issued. Costs attributable to the business combination are expensed as incurred.

The acquiree's identifiable assets and liabilities which meet the recognition conditions are recognised at the fair values at the acquisition date.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date that arises from past events and its fair value can be measured reliably.

Any difference arising between the fair value and the tax base of the acquiree's assets and liabilities that give rise to a taxable or deductible difference result in the recognition of a deferred tax liability or asset.

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree.

Goodwill is not amortised, but it is tested on an annual basis for impairment.

II. Subsidiaries

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

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

III. Transaction 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.

IV. 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 subsidiary is Euro ("€"). The functional currency of the Romanian subsidiary is RON.

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:

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 [24] to the financial statements.

II. Carrying value of goodwill

The carrying value of goodwill, and the cash generating units (CGUs) to which it relates, is assessed annually for impairment through comparing the recoverable amount to the CGU's carrying value. The value in use calculations require estimates in relation to uncertain items, including management's expectations of future revenue growth, operating costs, profit margins, operating cashflows and the discount rate applied. Future cash flows used in the value in use calculations are based on our latest three-year financial plans. Expectations about future growth reflect expectations of growth in the markets applicable to the group. The future cashflows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money. The discount rate used is adjusted for the specific risk to the group, including the countries to which cash flows will be generated. Further disclosure of evaluations is set out in note [11] to the financial statements.

III. Valuation and recoverability 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, inventory provisions for excess or obsolete inventory may be required.

IV. Defined benefit scheme

Provision for benefits upon termination of employment related to amounts accrued by Italian companies for employment retirement. In determining this provision Management employs actuarial techniques, including the involvement of an external experts. All key estimates applied have been included in note 20.

V. Revenue recognition

Following the acquisition of Setcar in 2019, Management has reviewed the key contracts pertaining to the environmental services provided and determined that revenue is recognised over time rather than at a point in time as this is the best representation of when the performance obligations under the contracts is provided. This is considered a key judgement for this financial period as these revenue streams differ from those earned by the Group in the past.

VI. Business combination

Control assessments are performed by the management, per the requirements of IFRS 10, to establish control in the business combination. Accordingly, the concept of control is fundamental to consolidation and it exists when the investor concurrently:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee;
- has the ability to affect those returns through its power over the investee.

Management believe that Directa Plus SpA has control of Setcar SA under IFRS 10 provisions based on the followings:

- Directa Plus SpA owns directly 51% of the share capital issued by Setcar SA.
- Based on the Articles of Association (AoA) in place, Directa Plus SpA can control the General Meeting of Setcar SA. From the control of the general meeting derives the control of the BoD.
- The operations of the Company are supervised and managed by Razvan Popescu, appointed as Director by Directa Plus.

Based on the control provided in the measures above:

- Directa Plus is exposed to variable returns from its involvement with the investee
- Directa Plus has the ability to use its power over the investee to affect the amount of the investor's returns.

2. Significant accounting policies

a) Functional and foreign 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 amounts 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 trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

II. Cash and cash equivalents

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

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

III. Trade and other payables

Trade payables are stated at their amortised cost.

IV. Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. At initial recognition, financial liabilities are measured at their fair value, minus transaction costs that are directly attributable, and are subsequently measured at amortised cost.
An equity instrument is any contract that evidences a residual interest in the asset of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

V. Leases

On commencement of a contract which gives the Group the right to use assets for a period of time in exchange for consideration, the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payment made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payment unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reducing for payment made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

c) Share capital

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

d) Property, plant and equipment

I. Recognition and measurement

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

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

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

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

II. Subsequent costs

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

III. Depreciation

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

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

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

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

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

e) Intangible assets

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

Patent rights acquired and development expenditure are recognised at cost.

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

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

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

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

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

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

I. Amortisation

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

- Patents and research and development costs 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, on a conservative basis, such costs are amortised over a period of 10 years.
- Brand: 25 years
- Orderbook: 1 year
- Others: 1 year

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 months basis.

g) Goodwill

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

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

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

h) Impairment

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

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

i) Employee benefits

Defined benefit scheme surpluses and deficits are measured at:

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

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

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

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

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

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

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.
For more information please see note 20.

j) Revenues

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

The revenue and profits recognised in any reporting period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer. In determining the amount of revenue and profits to record, and associated balance sheet items, management is required to review performance obligations within individual contracts. This may involve some judgemental areas.

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

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

- Revenues from sale of graphene based products are typically recognised at a point in time when goods are delivered to the customer as with this, the customer gains the right of control over the goods. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer.

- Revenues from sale of equipment (such as Mobile Production Units) are typically recognised at point in time when goods are delivered to the customers and site acceptance test is successfully performed.
- Revenues from services relates mainly to environmental services provided by Setcar which are recognised:
    - on an over 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.

Where cost has been incurred to undertake a performance obligation but this has not been realised at the year end the attributable costs are carried forward as work in progress.

k) Government grants

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

l) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised in the profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings.
Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

m) Investments in subsidiaries (Company only)

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

n) Taxation

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.
-

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

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

Adoption of new and revised standards

New standards, interpretations and amendments effective from 1 January 2020

The disclosed policies have been applied consistently by the Group for both the current and previous financial year with the exception of the new standards adopted.

The IFRS financial information has been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 31 December 2019, except for the following:

a. Definition of Material – Amendments to IAS 1 and IAS 8;
b. Definition of a Business – Amendment to IFRS 3;
c. Interest Rate Benchmark Reform – Amendment to IFRS 7, IFRS 9 and IAS 39;
d. Revised Conceptual Framework for Financial Reporting;
e. COVID-19-Related Rent Concession – Amendments to IFRS 16.

The application of the above standards has had no impact on the disclosures or the amounts recognised in the Group’s consolidated financial statements.

New standards, interpretations and amendments not yet effective

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ending 31 December 2020 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the future reporting periods and on foreseeable future transactions.

	Effective for annual periods beginning on or after
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	01-Jan-22
Reference to the Conceptual Framework – Amendments to IFRS 3	01-Jan-22
Onerous Contracts – Cost of Fulfilling a Contract - Amendments to IAS 37	01-Jan-22
Annual Improvements to IFRS Standards 2018-2020	01-Jan-22
Classification of Liabilities as Current or Non-Current – Amendments to IAS 1	01-Jan-22
IFRS 17, “Insurance contracts”	01-Jan-22

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, COO and CTO), 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

In 2019 the Environmental segment was introduced to reflect the nature of the underlying business of Setcar. Textile and Environmental were considered by Management the strategic segments able to sustain the growth. Management's strategic needs are constantly monitored and an update of the segments will be provided if required. Any further update of the segment analysis will be reflected in this section.

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.

2020

	Textile	Environmental	Others	Head Office	Consolidated
Revenue	1,943,924	4,360,864	129,692		6,434,480
Cost of Sales*	(1,221,579)	(1,971,859)	(74,872)		(3,268,310)
Gross Profit	**722,345**	**2,389,005**	**54,820**		**3,166,170**
Other income	85,980	204,450	27,206	28,189	345,826
Other expenses:					
R&D expense	(96,915)	(25,500)	-	-	(122,415)
Advisory	(50,752)	(335,248)	-	(905,021)	(1,291,022)
Operating expenses	(1,332,294)	(2,214,108)	(138,874)	(1,033,266)	(4,718,541)
Depreciation & amortisation	(508,331)	(1,143,250)	(39,291)	-	(1,690,872)
Operating Loss	**(1,179,967)**	**(1,124,652)**	**(96,138)**	**(1,910,098)**	**(4,310,855)**
Financial costs	-	-	-	(346,532)	(346,532)
Tax	-	-	-	124,414	124,414
Loss of the year	**(1,179,967)**	**(1,124,652)**	**(96,138)**	**(2,132,216)**	**(4,532,973)**
Total Asset	5,609,005	11,083,261	1,014.317	-	17,706,582
Total Liabilities	2,443,527	2,680,121	1,920,685	-	7,044,333

2019

	Textile	Environment	Others	Headoffice	Consolidated
Revenue	1,650,534	876,398	104,888	-	2,631,819
Cost of Sales*	(1,138,022)	(329,651)	10,450	-	(1,457,223)
Gross Profit	**512,512**	**546,747**	**115,337**	**-**	**1,174,596**
Other income	116,062	9,180	57,792	-	183,033
Other expenses:					
R&D expense	(240,592)	(149,165)	(110,960)	-	(500,718)
Advisory	(58,504)	(1,696)	-	(1,018,924)	(1,079,124)
Operating expenses	(945,743)	(682,113)	(556)	(867,322)	(2,495,734)
Depreciation & amortisation	(525,334)	(263,345)	(48,376)	-	(837,055)

Operating Loss	**(1,141,599)**	**(540,393)**	**13,237**	**(1,886,246)**	**(3,555,002)**
Financial costs	-	-	-	128,563	128,563
Tax	-	25,225	-	-	25,225
Loss of the year	**(1,141,599)**	**(515,168)**	**13,237**	**(1,757,683)**	**(3,401,214)**
Total Asset	13,655,846	7,029,252	1,316,061	-	22,001,159
Total Liabilities	(2,502,635)	(4,125,358)	(198,283)	-	(6,826,276)

*Includes Changes in inventories of finished goods.

	2020	2019
	€	€
Sale of products	2,137,289	1,732,074
Sale of services	4,297,191	899,746
Government grants	159,815	58,762
Other	186,011	124,271
Total Income	**6,780,306**	**2,814,853**

Geographical breakdown of revenues is:

	2020	2019
	€	€
Italy	1,555,622	1,642,122
Romania	4,495,661	850,738
Rest of the world	383,197	138,959
Total	**6,434,480**	**2,631,819**

The group has transacted with one main customer in 2020, which account for more than 10% of Group revenues for sales of products and services. This largest customer's revenues amount to €1,323,623 (20%), whilst the next highest revenue earning customer provided €608,259 (9%).

Other Income of €345,826 includes Government Grants for €159,815, R&D Expenditure Credit (RDEC) for €102,988 and other income for € 83,022. 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:

	2020	2019
	€	€
Grata	-	5,262
Ecopave	-	53,500
Green.Tex	54,278	-
COVID-19 related government grants	103,536	-
New plants grants	2,001	
Total	**159,815**	**58,762**

The Group benefited from COVID-19 related government grants for a total amount of €103,536, of which €80,407 referred to unemployment grants in Romania and €23,129 referred to grants from the Italian

Government. In this regard, the Group benefited by two assistance programs launched by the Italian Government to support local companies in the context of the Covid-19 crisis. Those programmes envisaged a 60% of tax credit on rental costs in case of decrease in monthly revenues higher than 50% (€14,935 of tax credit granted) and non-repayable grants as the 10% of the decrease in April 2020 revenues compared to the previous year (€8,194 granted).

The key terms of government grants are:

	Green.Tex	Ecopave
Starting date	2020	2017
Ending date	2021	2021
Duration (months)	21	37
Total amount	96,192	214,000
Final report submitted and accepted	Project still on-going	Project still on-going

There are no capital commitments built into the ongoing grants. Government grants have been recognised in other income. Ecopave government grant has been extended to 2021, however no grants have been received in 2020.

5. Inventory

	2020 €	2019 €
Finished products	1,071,173	825,920
Spare parts	110,808	110,393
Raw material	97,712	19,162
Working in progress	96,254	140,461
Total	**1,375,947**	**1,095,936**

As of 31 December 2020, total inventory value is higher than 2019, the movement is mainly driven by the new line of face mask and filters included within finished products. 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

	2020 €	2019 €
Raw material & consumables	1,670,305	236,191
Textile products	894,012	949,169
Total	**2,564,317**	**1,185,360**

The increase in raw materials mainly refers to Setcar; the Company was acquired in November 2019 and in the previous year the profit and loss included only one month.

7. Employee benefits expenses

	2020 €	2019 €
Wages and salaries	3,264,227	1,741,293

Social security costs	496,428	442,893
Employee benefits	89,169	94,239
Share option expense	19,286	(13,652)
Other costs	62,099	5,998
Total	**3,931,208**	**2,270,771**
Capitalised cost in “Intangible assets”	(161,935)	(121,848)
Total charged to the Income Statement	**3,769,274**	**2,148,923**

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

	2020	**2019**
Sales and Administration	27	12
Engineering, R&D and production	166	26
Total	**193**	**38**

The total number of employees, employed by the Group on 31 December 2020 was 193 (2019: 169), 167 were Setcar’s employees.
The Directors’ emoluments (including non-executive directors) are as follows:

	2020	**2019**
	€	**€**
Wages and salaries	836,709	775,708
Total	**836,709**	**775,708**

The aggregate emoluments of the highest paid Director totalled €501k (2019: €434k)
A detailed analysis of the remuneration of the directors is detailed within the Directors’ Remuneration Report in the Annual Report.

8. Results from operating activities:
Results from operating activities includes:

	2020	**2019**
	€	**€**
Audit of the Group and Company financial statements	103,047	81,997
Audit of the subsidiaries’ financial statements	37,968	31,500
Other non-audit services provided by Group’s auditor	4,422	4,528
Tool manufacturing	508,363	280,083
Travel	78.012	221,397
Technical consultancies	223,732	406,105
Shipping and logistic expenses	365,317	105,211
Insurance	112,122	39,485
Marketing	27,866	26,804

Tool manufacturing expenses increase to €508,363 (2019: €280,083) and are mainly referred to Setcar’s third parties services and Directa Plus Spa’s fabrics printing service.

Technical consultancies decreased to € 223,732 (2019: €406,105) thanks to the reorganization of services. The increase of shipping and logistics expenses to €365,317 (2019: €105,211) and in Insurance costs is mainly referred to Setcar, included full year in 2020.

Marketing expenses is approximately in line with previous year expenditure, meanwhile travel expenses decreased to €73,822 (2019: €221,397) due to the travel restrictions imposed after the outbreak of COVID-19 pandemic.

9. Net Finance expenses

Finance expenses include:

	2020	**2019**
	€	€
Interest Income	(1,175)	(3,988)
Interest on loans and other financial costs	45,719	10,454
Interest on financial leasing	21,589	16,700
Interest cost for benefit plan	10,131	8,819
Foreign exchanges losses/(gains)	270,268	(160,548)
Total	**346,532**	**(128,563)**

Foreign exchange losses of €270,268 (2019: €160,548) are mainly related to Sterling to Euro movement in the Group's Sterling bank account.

10. Taxation

	2020	**2019**
	€	€
Current tax expense	404	449
Deferred tax expense/ (recovery)	(124,818)	(25,674)
Total tax expenses	**(124,414)**	**(25,225)**

Reconciliation of tax rate

	2020	**2019**
	€	€
Loss before tax	(4,657,387)	(3,426,439)
Italian statutory tax rate	24%	24%
	(1,117,773)	(822,345)
Impact of temporary differences	155,430	62,887
Losses recognised	(31,016)	(37,662)
Impact of tax rate in foreign jurisdiction	47,820	27,942
Losses not utilised	1,069,953	794,403
Total tax expenses	**(124,414)**	**(25,225)**

Tax losses carried forward have been recognised as a deferred tax asset up to the point that they are recoverable against taxable temporary differences. All other 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 €27,762,446(€ 24,040,737 in 2019).

11. Intangible assets

Cost	**Development Cost**	**Patents**	**Goodwill**	**Others**	**Brands**	**Total**
	€	**€**	**€**	**€**	**€**	**€**
Balance at 31/12/2018	**2,631,411**	**321,912**	**22,268**	**44,901**		**3,020,492**

					-	
Additions	121,848	116,021	-	14,600	-	**252,469**
Acquired through acquisition	11,765	-	281,284	190,079	384,124	**867,252**
Balance at 31/12/2019	**2,765,023**	**437,933**	**303,552**	**249,580**	**384,124**	**4,140,213**
Additions	379,998	111,151	-	35,814	-	**526,963**
Currency translation differences	(218)	(3,344)	(5,205)	(289)	(7,108)	**(16,163)**
Balance at 31/12/2020	**3,144,804**	**545,740**	**298,348**	**285,105**	**377,017**	**4,651,012**
Amortisation						
Balance at 31/12/2018	**1,419,291**	**101,865**	**-**	**30,412**	**-**	**1,553,014**
Amortisation 2019	312,504	43,483	-	22,357	6,402	384,746
Balance at 31/12/2019	**1,713,795**	**145,348**	**-**	**52,769**	**6.402**	**1,937,760**
Amortisation 2020	357,746	218,247	-	18,593	75,899	**670,485**
Balance at 31/12/2020	**2,089,541**	**363,595**	**-**	**71,362**	**82,301**	**2,608,245**
Carrying amounts						
Balance 31/12/2018	1,212,120	220,046	22,268	14,489	-	1,467,478
Balance 31/12/2019	1,033,228	292,584	303,552	196,811	377,722	2,202,452
Balance 31/12/2020	1,055,262	182,145	298,348	213,743	294,715	2,042,767

As disclosed in note 1(d) 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, throughout the support of external experts, 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 2020 was estimated equal to €4,205k.

The recoverable amount was determined based on the Discounted Cash Flow (“DCF”) method. Such method is based on the general concept that the value of a company is equivalent to the discounted amount of the cash flows it will generate in the future within the forecast horizon and the terminal value beyond.

It has been adopted a discount rate of 10.9% and an annual growth rate in perpetuity of 1.7%.

Based on such assumptions, the recoverable amount was estimated equal to €17,500k. In addition, it was performed a sensitivity analysis, assuming a +/- 0.5% variation in the discount rate and a +/- 0.5% variation in the perpetuity growth rate. This led to a recoverable amount estimated in the range of €16,500k and €18,700k.

As a conclusion, the verifications have shown that the book values can be fully recovered and no goodwill impairment is required as of 31 December 2020.

12. Property, plant and equipment

Cost	**Industrial Equipment**	**Computer Equipment**	**Office Equipment**	**Plant & Machinery**	**Land**	**ROU Assets**	**Under Costr.**	**Total**
	€	**€**	**€**	**€**	**€**	**€**	**€**	**€**
Balance at 31/12/2018	**172,392**	**45,437**	**107,320**	**2,295,626**	**-**	**-**	**-**	**2,620,775**
Additions	32,052	11,117	55,131	123,843	-	456,819	-	678,962
Acquired from acquisition	1,031,249	-	17,018	1,782,559	608,395	-	2,445	3,441,666
Balance at 31/12/2019	**1,235,693**	**56,554**	**179,469**	**4,202,028**	**608,395**	**456,819**	**2,445**	**6,741,402**
Additions	52,825	17,967	9,391	171,819	-	322,354		574,356
Disposals	-	-	-	(23,343)	-	-		(23,343)
Currency translation differences	(21,101)	-	(16,232)	(53,298)	(11,257)	(45)		(101,934)
Balance at 31/12/2020	**1,267,415**	**74,521**	**172,627**	**4,297,207**	**597,138**	**779,128**	**2,445**	**7,190,481**
Depreciation								
Balance at 31/12/2018	**105,629**	**30,319**	**48,255**	**1,374,137**	**-**	**-**	**-**	**1,558,340**
Depreciation 2019	89,702	5,794	19,332	263,345	-	76,136	-	452,309
Balance at 31/12/2019	**193,331**	**36,113**	**67,587**	**1,637,482**	**-**	**76,136**	**-**	**2,010,649**
Depreciation 2020	378,873	7,693	35,432	517,406	-	80,984	-	**1,020,388**

Currency translation differences	(17,894)	-	(2,356)	(30,851)	-	-	-	(51,101)
Balance at 31/12/2020	**556,309**	**43,807**	**100,663**	**2,123,314**	**-**	**157,120**	**-**	**2,981,213**
Carrying amounts								
Balance 31/12/2018	66,763	15,118	59,065	921,489	-	-	-	1,062,435
Balance 31/12/2019	1,042,362	20,440	111,882	2,564,546	608,395	380,683	2,445	4,730,752
Balance 31/12/2020	711,106	30,714	71,965	2,173,892	622,008	597,138	2,445	4,209,268

Asset held under financial leases with a net book value of € 703,122 are included in the above table within Plant & Machinery.

13. Investments in subsidiaries

Details of the Company's subsidiaries as at 31 December 2020 are as follows:

			Shareholding	
Subsidiaries	**Country**	**Principal activity**	**2020**	**2019**
Directa Plus Spa	Italy	Producer and supplier of graphene based materials and related products	100%	100%
Directa Textile Solutions Srl	Italy	Commercialise textile membranes, including graphene-based technical and high-performance membranes	73.5%	60%
Setcar S.A.	Romania	Waste management and decontamination services Business	51%	51%

Subsidiaries	**Place of Business**	**Registered Office**	**Place of Business**
Directa Plus Spa	Italy	Via Cavour 2, Lomazzo (CO) Italy	See registered office
Directa Textile Solutions Srl	Italy	Via Cavour 2, Lomazzo (CO) Italy	See registered office
Setcar S.A.	Romania	Str. Gradinii Publice 6, Braila Romania	See registered office

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

	Directa Spa
At 31 December 2018	**16,180,336**
Additions	5,000,000
At 31 December 2019	**21,180,336**
Additions	2,500,000
At 31 December 2020	**23,680,336**

14. Trade and other receivables

Current

	Group		Company	
	2020	**2019**	**2020**	**2019**
	€	€	€	€
Account receivables	2,174,967	2,169,307	-	-
Tax Receivables	443,857	460,521	23,265	44,117
Other receivables	238,636	313,458	142,997	159,287
Total	**2,857,460**	**2,943,286**	**166,262**	**203,404**

Non-Current

	Group		Company	
	2020	**2019**	**2020**	**2019**
	€	€	€	€
Other receivables	140,649	109,698	-	-
Total	**140,649**	**109,698**	**-**	**-**

Group account receivables of €2,174,967 are mainly composed by eight major clients, which cover 67% of the total amount.

Group Tax Receivables are composed of Italian VAT receivables of €255,170, UK VAT receivables of €21,848, Romanian VAT receivables of €53,452 and a RDEC Tax Credit receivable of €102,988.

Other receivables are mainly composed of governments grants €96,992 and prepayments €121,490.

Non-current other receivables of €140,649 refer to specific projects where the collection of a certain amount, although due, is postponed to the end of the project itself.

As at 31 December 2020 the ageing of account receivables was:

Days overdue	**2020**	**2019**
	€	€
0-60	1,895,323	1,929,268
61-180	50,372	154,397
181-365	231,109	103,782
365 +	57,786	20,710
Allowance of impairment	(59,623)	(38,849)
Total	**2,174,967**	**2,169,308**

At the end of each financial period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. Collective impairment allowances, with exception of receivables collected in 2021, are determined based on the following rules:

Days overdue	**% allowance**
0-60	0%
61-180	30%
181-365	60%
365+	100%

In 2020, 85% of account receivables have an ageing less of 60 days and refers to an order delivered close to the year end.

As at 31 December 2020 the Group recognised provision for 20,774€ mainly referred to Setcar's overdue debts.

15. Deferred tax liabilities

	2020	2019
	€	€
Deferred tax liabilities	138,147	294,191
Deferred tax assets – losses	(129,724)	(159,132)
Total	**8,423**	**135,059**

Deferred tax assets have been recognised on losses brought forward to the extent that they can be offset against taxable temporary differences in line with the requirements of IAS 12.

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

	2020	2019
	€	€
Deferred tax liabilities Cost Capitalized	121,504	156,695
Deferred tax liabilities Other	8,220	2,437
Deferred tax liabilities arising from acquisition	8, 423	135,059
Deferred tax assets – losses exc. Setcar	(129,724)	(159,132)
Total	**8,423**	**135,059**

16. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	€	€	€	€
Cash at bank	7,075,447	10,890,718	4,283,625	7,669,360
Cash in hand	5,045	15,357	-	-
Total	**7,080,492**	**10,906,075**	**4,283,625**	**7,669,360**

17. Equity

	2020	2019
	€	€
Share Capital	190,996	190,512
Share Premium	31,395,612	31,395,612
Foreign currency translation reserve	(7,015)	4,147
Retained earnings	(21,824,229)	(17,656,325)
Non-controlling interests	906,885	1,240,194
Balance at 31 December	**10,662,249**	**15,174,139**

Share Capital

	Number of Ordinary Shares	Share Capital (€)
At 31 December 2018	**48,468,827**	**154,465**
Share issue on 09 January 2019 – capital raise **	2,647,609	7,350

Share issue on 21 October 2019 – capital raise ***	9,882,547	28,697
At 31 December 2019	**60,998,983**	**190,512**
Share issue on 26 June ****	111,980	309
Share issue on 30 June*****	63,624	175
At 31 December 2020	**61,174,587**	**190,996**

** On 09 January 2019, 2,647,609 ordinary shares with a nominal value of £0.0025 each were issued as effect of the Company's capital raise.
*** On 21 October 2019, 9,882,547 ordinary shares with a nominal value of £0.0025 each were issued as effect of the Company's capital raise.
**** On 26 June 2020, 111,980 ordinary share with a nominal value of £0.0025 each were issued as effect of the exercise of options of ordinary shares for Directors and Senior Manager.
***** On 30 June 2020, 63,624 ordinary share with a nominal value of £0.0025 each were issued as effect of the exercise of options of ordinary shares for Directors and Senior Manager.

Share Premium

In euro	**Share premium** €
At 31 December 2018	**22,104,240**
Shares issued on 18 January 2019	1,462,728
Expenditure relating to the raising of shares	(140,939)
Shares issued on 21 Octotber 2019	8,580,393
Expenditure relating to the raising of shares	(610,808)
At 31 December 2019	**31,395,612**
Shares issued	**-**
Expenditure relating to the raising of shares	-
At 31 December 2020	**31,395,612**

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

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

Foreign currency translation reserve
Exchange differences resulting from the consolidation process of Setcar are recognised in the translation reserve for an amount of € 7,015.

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 2020 it's composed by 49% of Setcar S.A. and 26,46% of Directa Textile Solutions Srl.

18. Loans and borrowings

	Group 2020	Group 2019	Company 2020	Company 2019
	€	€	€	€
Non-current Loans and borrowings	1,017,716	-		
Current Loans and borrowings	981,065	484,701	-	-
Total	**1,998,781**	**484,701**	**-**	**-**

	2020	Current	Non current	Repayment	Interest rate
	€	€	€		
BANK OF TRANSILVANIA	692,716	-	692,716	36-months	Changeable 4.7% ROBOR 3M + 2,5%/year
GVC INVESTMENT COMPANY LMT	977,385	977,385	-	12-months	1.5%/year
INTESA SAN PAOLO	300,000	-	300,000	24-months	1.5%/year
INTESA SAN PAOLO	25,000	-	25,000	72-months	1.5%/year

Reconciliation of liabilities arising from financing activities

		Cash flows		Non Cash flows		
	01 January 2020	Interest Paid	Capital Repayment	Accrued Interest	Liabilities acquired	31 December 2020
	€	€	€	€	€	€
Borrowings	484,701	-	(360,164)	11,822	1,862,422	**1,998,781**
Total	**484,701**	**-**	**(360,164)**	**11,822**	**1,862,422**	**1,998,781**

19. Leases liabilities

The following table details the movement in the Group's lease obligations for the period ended 31 December 2020:

	2020	2019
	€	€
Non-current lease liabilities	627,138	439,690
Current lease liabilities	214,935	184,900
Total	**842,073**	**624,590**

20. Employee benefits provision

	2020	2019
	€	€
Employee benefits	444,483	416,095
Total	**444,483**	**416,095**

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

The breakdown for 2019 and 2020 is as follows:

€

Amount at 31 December 2018	**282,031**
Service cost	65,788
Interest cost	8,819
Actuarial gain/losses	12,802
Past service cost	-
Benefit paid	(16,007)
Amount at 31 December 2019	**406,534**
Service cost	57,081
Interest cost	10,131
Actuarial gain/losses	(7,821)
Past service cost	-
Benefit paid	(21,442)
Amount at 31 December 2020	**444,483**

Variables analysis

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

	2020	2019
Annual rate interest	2.30%	2.30%
Annual rate inflation	1.10%	1.10%
Annual increase TFR	7.41%	7.41%
Tax on revaluation	17.00%	17.00%
Social contribution	0.50%	0.50%
Increase salary male	1.20%	1.20%
Increase salary female	1.15%	1.15%
Rate of turnover male	1.70%	1.70%
Rate of turnover female	1.50%	1.50%

Sensitivity analysis

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

Actuarial hypothesis - 2020		**Rate**	**Decrease 10% Variation DBO €**	**Rate**	**Increase 10% Variation DBO €**
Increase salary	Male	1.08%	(2,900)	1.32%	4,087
	Female	1.04%		1.27%	

Turnover	Male Female	1.53% 1.35%	(2,470)	1.87% 1.65%	3,500
Interest rate		2.07%	13,269	2.53%	(11,482)
Inflation rate		0.99%	(3,022)	1.21%	4,185

21. Trade and Other payables

Non-current

	Group		Company	
	2020	**2019**	**2020**	**2019**
	€	€	€	€
Other payables	65,397	66,629	-	-
Contingent consideration at fair value through P&L	-	130,061	-	-
Total	**65,397**	**196,690**	**-**	**-**

Current

	Group		Company	
	2020	**2019**	**2020**	**2019**
	€	€	€	€
Trade payables	1,364,787	1,055,856	54,725	1,702
Employment costs	519,466	419,331	-	-
Other payables	1,228,655	2,831,436	62,020	81,997
Contingent consideration at fair value through P&L	572,268	650,303	-	-
Total	**3,685,176**	**4,956,926**	**116,745**	**83,699**

Other payables mainly refer to the remaining portion of debt due to Setcar’s previous shareholders.

22. Financial instruments

Financial risk management
The Group’s business activities expose the Group to a number of 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 2020 the Group is only exposed to variable interest rate risk for a short term revolving loan. If the interest rate had increased or decreased by 100 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, 85% of account receivables have an ageing less of 60 days and refers to orders delivered close to the year end. As at 31 December 2020 the Group recognised a bad debt provision for €20,774.

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

d) Exposure to credit risk

Group

	Note	**2020**	**2019**
		€	€
Trade receivables	14	2,174,967	2,169,308
Cash and cash equivalent	16	7,080,492	10,906,076
Total		**9,255,459**	**13,075,384**

The largest customer within trade receivables account for 14% 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.

2020	**Carrying amount**	**Up to 1 year**	**1 -5 years**
	€	€	€
Financial liabilities			
Trade payables	1,364,787	1,364,787	
Lease Liabilities	842,073	214,935	627,138
Loans	1,998,781	959,520	1,064,310
Total	**4,205,641**	**2,539,242**	**1,691,448**

2019	**Carrying amount**	**Up to 1 year**	**1 -5 years**
	€	€	€
Financial liabilities			
Trade payables	1,055,856	1,055,856	-

Lease Liabilities	649,287	193,598	455,689
Loans	484,701	484,701	-
Total	**2,189,844**	**1,734,155**	**455,689**

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	3,552,791

As at 31 December 2020 if the exchange rate EUR/GBP increase by 10% the impact on P&L would be a loss equal to €0.32 million (if decrease by 10% would be a profit equal to €0.39 million).

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

23. Earnings per share

	Change in number of ordinary shares	**Total number of ordinary shares**	**Days**	**Weighted number of ordinary shares**
At 31 December 2017		**44,212,827**	**365**	**44,212,827**
Existing shares		44,212,827	351	42,516,993
Issued on 18 December 2018	4,256,000	48,468,827	14	1,859,078
At 31 December 2018	**4,256,000**	**48,468,827**	**365**	**44,376,071**
Existing shares		48,468,827	9	1,195,122
Issued on 09 Jan 2019	2,647,609	51,116,436	285	39,912,834
Issued on 21 Oct 2019	9,882,547	60,998,983	71	11,865,556
At 31 December 2019	**12,530,156**	**60,998,983**	**365**	**52,973,511**
Existing shares		60,998,983	181	30,248,811
Issued on 29 June 2020	111,980	61,110,963	2	334,855
Issued on 30 June 2020	63,624	61,174,587	182	30,503,493
At 31 December 2020	**175,604**	**61,174.587**	**365**	**61,087,158**

	Basic		**Diluted**	
	2020 €	**2019** €	**2020** €	**2019** €
Loss attributable to the owners of the Parent	(4,195,011)	(3,585,215)	(4,532,973)	(3,401,214)
Weighted average number of ordinary shares in issue during the year	61,055,433	52,973,511	61,055,433	53,054,737
Fully diluted average number of ordinary shares during the year	61,055,433	52,973,511	61,055,433	53,054,737
Loss per share	(0.07)	(0.07)	(0.07)	(0.07)

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

24. Share Schemes

The Employees' Share Scheme is administered by the Remuneration Committee and the NED Share Scheme is administered by the Executive Directors.

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

Awards over a total of 1,675,609 Ordinary Shares were granted on or around the date of Admission (27 May 2016) and additional 60,000 Ordinary Shares were granted in May 2017. All those awards expired within May 2020. In November 2020 further 1,801,000 Ordinary Shares were granted to key employees and as of 31 December 2020 the total number of outstanding awards is 1,801,000. The main terms of the 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 Board may also grant market value share options to non-executive directors under the NED Share Scheme. 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 performance conditions (if any) which must be achieved in order for the award to be exercisable.

Types of Award
Awards granted under the Employees' Share Scheme can take the form of performance shares and/or market value share options. "Performance shares" are share options with an exercise price equal to the nominal value of a share, while "Market value share options" are share options with an exercise price equal to the market value of a share at the date of grant. Outstanding shares as of 31 December 2020 are all "Market value share options". The right to exercise the award is generally dependent upon the participant remaining an officer or employee throughout the performance period and, except in the case of market value share options granted to the Chairman or non-executive directors, the satisfaction of performance conditions. This is subject to the good leaver provisions described below. 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. The value of Ordinary Shares over which a non-executive director may be granted market value share options under the NED Share Scheme in any financial year of the Company shall not exceed 150 percent of his annual rate of fees.

Performance Targets
The Remuneration Committee will impose objective targets which will determine the extent to which awards will vest. Targets for awards to be granted to executive directors and senior employees on or prior to Admission are based on growth in EBITDA, share price and production capacity targets in line with the Company's forecasts prior to Admission.

The Remuneration Committee may modify or amend the performance targets if changes to the Company or its business mean that the targets are no longer relevant or appropriate. However, any new or amended conditions will not be materially any more or less challenging than the original conditions were expected to be at the time they were imposed. The vesting of market value share options granted to non-executive directors will not be subject to performance conditions.

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 (75% of vested shares, while the remaining 25% from the fourth) and tenth anniversaries from the date of grant.

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

	Monte-Carlo simulation		**Black Scholes Model**	
	31 Dec 2020 Market value shares	**31 Dec 2020 Performance shares**	**31 Dec 2019 Market value shares**	**31 Dec 2019 Performance shares**
Share price	60p	-	69p	-
Exercise price	66p	-	75p	-
Expected volatility	54%	-	36%	-
Compounded Risk-Free Interest Rate	0.10%	-	4.25%	-
Expected life	6 years	-	3 years	-
Number of options issued*	1,801,000	-	60,000	-

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

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

	Outstanding at start of period	Granted during the period	Cancelled during the period	Expired during the period	Vested during the period	Outstanding at end of period	Exercisable period option price	Grant date	Exercisable date
31 December 2018	**1,735,610**	**-**	**(95,733)**			**1,639,877**			
31 December 2019	**1,639,877**		**(25,523)**	**(733,066)**	**(821,288)**	**60,000**	75p	12 May 2017	12 May 2020
31 December 2020	**60,000**	**1,801,000**	**-**	**-**	**(60,000)**	**1,801,000**	66p	12 Nov 2020	12 Nov 2023

Cancelation of share options during the period relates to the resignation employees. Share options expired over the period refers to those performance share option that did not meet the performance criteria on the third anniversary of the granting. Vested share options are Market share options and Performance share options that met the criteria on the third anniversary. No vested options were exercised in the period.

25. 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'.

	2020	2019
	€	€
Short-term employee benefits and fees	278,619	251,353
Social security costs	68,576	69,037
	347,195	**320,390**

For Directors remuneration please see Director's Remuneration Report.

Transactions with shareholders

The following sales with shareholder of the Group were recorded, excluding VAT, during the year:

	2020	2019
	€	€
Sale of products	3,948	-

Products are sold on normal commercial terms and conditions

Other transaction Group

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

	2020	2019
	€	€
Sale of products	15,886	-

Products are sold on normal commercial terms and conditions

26. Contingent Liabilities and Commitments

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

	2020	2019
	€	€
Bank guarantees	141,553	114,440

27. Post Balance Sheet events

On 12 February 2021, the General Meeting of Setcar S.A. approved to increase the share capital of the company through the conversion into shares of the loans granted by the two main shareholders (Directa Plus S.p.A. and GVC Investment Company Limited). Following the loan conversion into equity, the total share capital of Setcar S.A. will be 9.953.599 lei – Eur 2.041.931, fully subscribed and paid, divided into a total of 19.907.198 registered shares. The loan granted by Directa Plus S.p.A. amounted to Eur 1.040.485. As a result of the conversion, Directa Plus S.p.A. will increase its stake in Setcar S.A. from 51% to 52%.