

10 May 2023

Directa Plus plc

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

Final Results

*Strong performance delivers revenue ahead of market expectations
and solid growth across the Group*

Directa Plus (AIM: DCTA), a leading producer and supplier of graphene nanoplatelets based products for use in consumer and industrial markets, announces its full year results for the year ended 31 December 2022.

Financial highlights

- Product sales and service revenue increased by 26% to €10.86m (2021: €8.62m), slightly above consensus market expectations
- Total income (including grants) increased by 19.4% to €11.28m (2021: €9.45m)
- Adjusted LBITDA * increased to €3.15m (2021: €2.49m)
- Loss before tax increased to €5.33m (2021: €3.38m)
- Reported (basic) Loss per share was €0.07 (2021: €0.06)
- Cash and cash equivalents at year end of €5.73m (2021: €11.13m)
- Total patents granted at year end of 80 (2021: 72)

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

Target market progress

Environmental Remediation (75% of revenue (2021: 76%))

- Installed two production units to increase production capacity and benefits derived from lower unit production costs.
- Commercial Agreement with UK based REDA Energy to distribute Grafysorber® oil response products in agreed territories in Northern Europe.
- Authorisation from the US Federal Environment Protection Agency (EPA) for Grafysorber® technology to be used on any oil contamination on US territory.
- Established pipeline of active tenders and high value opportunities.

Textiles (23% of revenue (2021: 21%))

- First exclusive supply agreement in Latin America with CIA Miguel Caballero SAS in Colombia.
- Contract extension with Alfredo Grassi S.p.A. to broaden the collaboration for the workwear markets in Italy and France.
- Supply agreement with Officine di Cartigliano in Italy to improve equipment performance and address antistatic issues.
- Continued to partner with a global chemicals and materials group on an exclusive basis to develop specific products for the global air filtration markets.
- Post period end granted an Italian patent for G+ graphene technology for air filtration applications.

Others

- New major contract in the composites vertical covering the resurface of a total of 250 km section of the A4 Torino-Milano motorway section with Gipave, a sustainable asphalt solution containing G+ graphene.
- New exclusive agreement with Pigmentsolution GmbH to support the development and distribution of Directa Plus's new patented Graphene Plus (G+) paints product, Grafyshield G+, initially in Germany, Austria, Switzerland, and Poland.
- Continued investment in next generation manufacturing equipment to materially reduce direct production costs and to mitigate inflationary cost pressures.

Commenting on the results, Giulio Cesareo, Founder & CEO, said: *"I am incredibly proud of the successes achieved by our dedicated team this year against a challenging economic backdrop. We have secured several contract wins and invested in our technology to position the business to serve a range of customers globally as the awareness of the capabilities of graphene continues to grow.*

"In the current climate, businesses across all sectors are turning to more sustainable methods and our G+ technology has the ability to sit right at the heart of many of these sectors globally. The prospects for Directa Plus are increasingly positive and we have entered FY23 in a robust position. Our focus now is on developing our core verticals which are able to generate significant product demand and higher recurring revenue from customers. With an expanding network of customers and partners, a record order book alongside a strong balance sheet, I am confident in the Group's ability to deliver on its growth ambitions for the year ahead."

Enquiries:

Directa Plus plc

Giulio Cesareo, CEO
Giorgio Bonfanti, CFO

+39 02 36714458

Cenkos Securities plc (Nominated Adviser and Joint Broker)

Neil McDonald
Adam Rae

+44 131 220 6939

Singer Capital Markets Securities Limited (Joint Broker)

Rick Thompson
Phil Davies

+44 20 7496 3069

Alma PR (Financial PR Adviser)

Justine James
Hannah Campbell

+44 20 3405 0205

directaplus@almapr.co.uk

Notes to Editors

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

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

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

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

For further information please visit <http://www.directa-plus.com/>

Chairman's statement

I am pleased to provide my first report as Chairman of Directa Plus covering a year of strong operational and strategic progress. The Group delivered revenue growth of 26% from products and services to €10.86m and LBITDA increased to €3.61m. These results were achieved in a context challenged by inflationary cost pressures and supply chain disruption that impacted customer scheduling.

During the year the Group secured a number of important new business wins, further strengthening our position within the expanding graphene market and demonstrating our increasing commercial traction. We continue to see growing interest in the ability of graphene to transform the performance of our customers' products and to support a more sustainable future. The Group has maintained its focus on developing and delivering market leading products and services within our two principal business verticals: Environmental Remediation and Textiles. We remain focused on prioritising those verticals where we have already established strong momentum and where there is high potential in terms of commercialisation and financial returns. I am confident therefore in the Group's ability to continue delivering for all its stakeholders.

Delivering on our strategy

A robust and sustainable strategy remains at the core of the Group's activities and is focused around four key pillars: a unique, low-cost graphene production process; the manufacture of pristine graphene nanoplatelets free of chemical pollutants and tailored to customers' needs; a reduced time to market for new products, benefiting from considerable accumulated knowhow and strong IP; and market reach leveraged through carefully assessed partnerships. Our strategy and financial results are covered in more detail in the Chief Executive Officer's statement.

The market for graphene-based products is broad and developing rapidly and expected to be worth €0.5bn p.a. by 2026, a compound annual growth of 36%. Directa Plus is very well positioned to capitalise on this growth through its unique platform technology that supplies G+ graphene material into many applications and products, created in close collaboration with our partners and customers. Whilst the Group is focused on developing its core vertical markets, there is also the opportunity to expand into new markets as and when appropriate for the business, as graphene continues to revolutionise new and existing products and materials.

Focused on customer needs

With strong foundations laid over the last few years we are encouraged by the accelerated levels of interest in the Group's offering and we continue to gain wider recognition for our proven, innovative products.

We have partnered with a number of new organisations in the year to offer the high-performance benefits of our G+ graphene and we are confident in our commercial prospects. We have established new, long-standing and deepening partnerships with leading industrial companies across a range of sectors, including a global chemicals and materials group, Alcantara and REDA Energy that provide opportunities for growth as we leverage on their established expertise and international reach.

The Group has also secured a number of notable new customers and contracts during the year across all key verticals and markets, including MC Armor in South America and Alfredo Grassi SpA in Italy in the textiles sector, Reda Energy in the UK environmental sector and a major Gipave asphalt contract.

Notably, we also signed a new exclusive agreement with Pigmentsolution, a European distributor of speciality chemicals and ingredients, to support the development and distribution of the Group's new patented Grafyshield G+ product that enhances the anti-corrosion and flame-retardant properties of paint systems. These wins throughout the year demonstrate the increasing appetite for our products and our competitive advantage as we continue to build on our leading position in the graphene market.

Board changes

I became interim Chairman following the Annual General Meeting in June 2022 at which Sir Peter Middleton stepped down as Chairman and today I am delighted to accept the Board's invitation to be Chairman.

During the year we were pleased to welcome two new Non-Executive Directors to the Board: General Wesley Clark, in October, and Sarah Cope, in November. Among many accreditations, General Clark is a businessman with experience across a variety of sectors and his experience and contacts will enable us to gain faster access to the most significant high-potential graphene opportunities in the United States. He has in-depth knowledge of the US innovation eco-system, not only in the defence sector but also in oil and gas and new energy, including batteries and renewables. Sarah has over twenty years of financial and capital market experience and has previously advised AIM listed companies in the Oil and Gas sector. Her knowledge will help us in our next phase of development as we address global decontamination markets with Grafysorber®.

We entered 2023 with a high calibre Board with a diverse range of strengths and experience that Directa Plus can benefit from.

Summary and outlook

The Group made significant progress in 2022 and is well positioned to serve a growing customer base globally. I would particularly like to take this opportunity to thank our dedicated team who have continued to work hard to strengthen our position within the graphene market.

The new business wins in the year, alongside the grant of important new patents, demonstrates the breadth and depth of our graphene technology that can be used across a wide range of growth markets. As the awareness of the capabilities of graphene continues to build, it is clear that large supply chains are now increasingly considering incorporating graphene into their product portfolios to enhance performance and to provide more sustainable solutions.

Whilst we remain cognisant of inflationary pressures, I am confident in our ability to continue to mitigate these throughout our current financial year. We entered 2023 in a robust position, with an expanding network of customers and partners, a record order book and a supportive market backdrop. The Board is confident in the Group's ability to take advantage of the substantial opportunities that lie ahead.

Richard Hickinbotham

Chairman
9 May 2023

Chief Executive Officer's Review

2022 was a year of solid operational performance fuelled by new contract wins and increasing traction in the graphene market. We delivered strong top line growth and maintained focus on developing and delivering market leading products and services in our two core business verticals: Environmental Remediation and Textiles.

As one of the largest producers and suppliers of graphene-based products, we have built Directa Plus with a clear strategy based on our four key pillars:

1. **A unique graphene production process with strong IP** - we have designed and patented an in-house process, that is simple, scalable and sustainable, utilising physics without the need for over complicated and pollutive chemistry;
2. **Pristine G+ graphene** – we produce graphene nanoplatelets with tunable xyz dimensions tailored to the needs of each vertical and customer;
3. **Time to market** – we have continued to build considerable product and process knowhow since our first product launch in 2015 and we now have 43 products on the market;
4. **Partnerships** – we aim to work with leading industrial partners with large international footprints that provide significant growth opportunities: These partners are important reference customers that support the roll out of graphene enhance products and services globally.

The strong foundation of our key pillars enabled us to achieve our target to scale production capacity to 100t p.a. in the year and to deliver double digit revenue of with a 63% CAGR over the past 5 years. Our mission remains to deliver the best quality graphene at the best possible price in the most sustainable way, whilst supporting the industrialisation of existing and new vertical applications. The Group continued to enhance products in other areas based on its patented technology, where it has identified significant potential commercial opportunities, including paints, composites, concrete, polymers and Lithium-Sulphur batteries.

By delivering on our core strategy we achieved another year of strong growth with revenue ahead 26% on the previous year at €10.86m, slightly above market expectations due to a solid trading performance in December 2022, and LBITDA and LBT in line with expectations.

During the year we experienced revised timelines on some orders due to the re-profiling of certain projects, as a result of the uncertain macroeconomic backdrop. We have nevertheless achieved continued growth across the business' key vertical markets and geographies.

Like many businesses in the year, the Group was impacted by higher energy and raw material costs, which affected our direct production costs, and general cost increases on outsourced services. We worked to mitigate these potential impacts by increasing the price of our own products and also implementing a cost reduction plan including investment in new milling equipment that reduced direct production costs. These measures allowed the Group to progressively improve margins over the second half of the year and to position the business to withstand future headwinds by taking full advantage of the technology platform we have developed.

The development of graphene technology and its applications is accelerating across a range of industries due to its exceptional properties, including electrical and thermal conductivity, antibacterial and antivirus efficacy. Directa Plus is well positioned to capitalise on this opportunity using our patented process for the production of pristine, chemical free, graphene nanoplatelets, tailored to new and existing partners' and customers' requirements. We expect to build a substantial business

by positioning Directa Plus in the verticals where technology capabilities, at attractive costs, meet with market opportunities and growing customer acceptance.

The Company entered 2023 in a solid position, building on momentum from the end of the prior year. With an expanding network of customers and partners, a record order book and a supportive market backdrop, we are confident in the Group's ability to take advantage of the huge opportunity that is ahead.

Strategy

We are building a highly scalable business by targeting new and existing products and markets that can be significantly improved with the addition of our graphene-based products. We work closely with our partner network, benefitting from their knowledge of different markets, strong reputation and commercial channels to identify the right opportunities that will deliver commercialisation and financial return.

We continuously monitor potential markets where we believe that for a relatively small investment, we can develop products that can generate high commercial traction and which have a fast time to market, such as paints and filtration.

Sustainability is at the heart of our operations and acts as a powerful differentiator from our competitors. We have amassed 43 certifications over the years, all reporting the absence of negative impacts on biological systems.

We consider the health and safety of all stakeholders and environmental protection as top priorities, and we have implemented a proactive approach by continuously monitoring our production process and products.

During the year, we delivered strong top line growth and maintained focus on developing and delivering market leading products and services in our two core business verticals – Environmental Remediation and Textiles. The Company continued to deliver enhancements, based on its patented technology, to products in other areas where Directa Plus has identified significant potential commercial opportunities, including paints, composites, concrete, polymers, and Lithium-Sulphur batteries.

Environmental remediation (75% of annual revenue)

Environmental remediation activities are principally carried out through Setcar, a subsidiary company based in Romania. Significant progress was achieved in this key vertical in 2022 with another year of strong growth with revenues ahead 24% and Grafysorber technology rapidly gaining traction in a number of new markets. Grafysorber® is a truly ground-breaking technology that is the only commercially available hybrid graphene-based solution for treating water contaminated by hydrocarbons. Grafysorber has many advantages over traditional products and can work on a wide range of hydrocarbon and several other organic pollutants. It absorbs 100 times its weight, it is safe for the operators and the environment, and it is light and easy to handle.

We have continued to invest to further improve performance and to broaden the range of potential applications, in addition to our existing water treatment products and services.

In the first half of the year we installed our first production unit for Grafysorber® materials in Romania. In response to growing demand, the Group has subsequently installed a second Grafysorber® production unit into Romania to further increase production capacity.

In April 2022 the Group received authorisation from the US Federal Environment Protection Agency (EPA) for Grafysorber® technology to be used on any oil contamination on US territory, providing the business with an entrance into the very large US oil decontamination market. The Group is also looking to further expand product and service sales into Asia over the longer term.

In the UK, the Company signed a Commercial Agreement with UK based REDA Energy in July 2022, a leading chemical manufacturer and supplier to the oil and gas industry, to distribute Grafysorber® oil response products in agreed territories in Northern Europe. The Commercial Agreement follows the successful testing of Directa Plus's products by REDA customers in the North Sea. Directa Plus has been able to further improve its oil spill response products, enhancing their ease of use and performance. The Group delivered REDA's first product order in June 2022 and it is now also exploring wider opportunities for the application of the Group's water decontamination technology.

The Group keeps working on a number of large and small contracts providing waste treatment and decontamination services, both locally and internationally.

Directa Plus still awaits the final decision on the award of a significant contract in Romania for the Group's Environmental Remediation services and the Directors continue to believe that the Group is well positioned to secure the tender.

Textiles (23% of annual revenue)

Directa Plus continued to gain strong commercial momentum in the Textiles vertical during the year with revenue growth of 33%. There is significant interest in incorporating technology into wearables which will further expand the broad spread of applications for G+® graphene that is now incorporated into fabrics through four different technologies:

- **G+® PLANAR THERMAL CIRCUIT®:** a functional print that can be applied to any type of fabrics, creating a circuit.
- **G+® MEMBRANES:** G+® is incorporated into the polyurethane membrane that can be laminated self-standing or combined with a PTFE membrane directly to a fabric.
- **G+® DYEING:** The fabric is immersed in a water-based bath containing G+® yielding a completely antimicrobial fabric.
- **G+® COATINGS:** a special coating process, based on water, able to obtain high-performance polyurethane, enhanced with G+®.

Workwear

A key highlight includes the signing of an extension agreement with Alfredo Grassi S.p.A, a European workwear manufacturer, to broaden the existing collaboration to include our Planar Thermal Circuit® (PTC®) for the workwear markets in Italy and France. This will enable the development of new products for Grassi which will increase comfort for the wearer – a key differentiator as temperatures increase around the world. We have been working with Grassi for over five years and this extension agreement demonstrates the reliability of our technology and ability to deliver consistently for our customers. It will enable us to further develop our understanding of market trends and drivers affecting demand for workwear products.

Military

We secured our first exclusive supply agreement for printed graphene textile Planar Thermal Circuit® (PTC®) in Latin America with a Colombian based manufacturer of ballistic protection clothing, CIA Miguel Caballero SAS. Directa Plus will provide a total of 77,500 linear metres of PTC® printed material over a four year period, commencing from October 2022, for a total contract value of over €1 million. This agreement further demonstrates the applicability of our technology to a wide range of materials.

Luxury

We continue to work with a major luxury Italian brand, which has been a customer since 2019, generating important volumes and relying on our technology to promote its technical fabrics collections.

Automotive

In April 2022, the Company signed a Letter of Intent (LOI) with a leading global supplier of automotive interiors to Tier 1 manufacturers. The supplier intends to develop a suite of new products for the automotive industry based on the antimicrobial properties (antibacterial and antiviral), thermal comfort and electrical conductivity properties of G+® enhanced fabrics.

The LOI has a 12-month term and sees Directa Plus and the supplier agree to combine resources, competence and expertise to develop G+® enhanced fabrics into a suite of ready to use products for the automotive industry. If both parties are satisfied with the results achieved after the 12 months, the partners shall undertake to negotiate a Supply Agreement between the two companies. Directa Plus is already working with the supplier to produce prototypes for a number of global Tier 1 car manufacturers.

Air filters

In March 2023, the Company was granted an Italian patent for its G+® graphene technology for air-filtering applications and the development of an industrial-tested G+ product for the expanding air filtration market. This significant award is in partnership with an Italian-based global chemicals and materials company. The companies have been working together since December 2021 on an exclusive basis to develop specific products for the global air and water filtration markets.

Textiles for consumer electronics

Directa Plus continues to collaborate with the soft goods division of a major international developer and manufacturer of consumer electronics and related services. The agreement covers the potential application of G+® as a protective covering for consumer devices, exploiting its antiviral-antibacterial properties as well as its thermal and electrical conductivity. The partnership has delivered exceptional results to date with the collaboration continuing to demonstrate the potential for significant volumes in the coming years.

Other textiles applications

We secured a supply agreement with Officine di Cartigliano, an Italian based leader in the production of tanning equipment for the textile industry for its G+® technology, worth €150,000 over one year on a take or pay basis. Officine di Cartigliano will be using a formulation of the Company's G+® based textile finishing application to improve the performance of its equipment, particularly to address antistatic issues.

The Group is also exploring the sportswear industry to exploit the G+ heat dispersion and antimicrobial properties to understand the potential of this vast market.

Additional potential high return verticals

Composites

The asphalt applications of the Group's G+ graphene technology have great potential and the product developed with Iterchimica provides exceptional results in terms of increased durability and reduced carbon footprint. Market interest for the product is growing internationally and is gaining significant commercial traction.

In March 2022, Oxfordshire County Council conducted its second trial of a patented asphalt concrete modifier developed by Iterchimica and enhanced by our Graphene Plus product. This follows an initial pilot trial in Oxfordshire in 2019. The new trial will see two identical stretches of Marsh Lane in Oxford, which carries around 10,000 vehicles a day along a key city route, resurfaced with different materials. Half of a 700-metre stretch of the road will be laid with GiPave[®], while the rest will be resurfaced using conventional asphalt, so that the two surfaces can be compared.

In the second half of the year we secured a new major contract for the A4 Torino-Milano motorway section, managed by the ASTM Group to provide a sustainable, resilient and safe asphalt made with G+[®] graphene and specially selected recycled hard plastics (e.g., toys, fruit crates, litter bins). The asphalt will re-use 70% of milled material from the existing pavement, thus reducing the use of new natural aggregates to only 30%. The works will involve both directions for a total of 250 km.

GiPave[®] was developed by Iterchimica with the support of Directa Plus and resulted from a three-year research programme with a patent filed in 2017. The product uses waste plastics that would not normally be recycled and the asphalt containing GiPave[®] can itself be entirely recycled – promoting the 'circular economy,' which reduces waste and the need for new materials.

Paints

Another area showing considerable early potential is within the graphene-based paints vertical. We have developed a graphene-based paint solution which provides enhanced anti-flame and anti-corrosion properties compared to normal paints. We have hired a team of experienced people in the field and initiated positive discussions with major international players in Europe and Asia to accelerate commercialisation and we are excited about the potential of this technology.

In the second half of the year we signed a new exclusive agreement with Pigmentsolution GmbH, a European distributor of speciality chemicals and ingredients, to support the development and distribution of Directa Plus's new patented Graphene Plus (G+) product, Grafyshield G+, initially in Germany, Austria, Switzerland and Poland, with the potential for further expansion in Europe. The initial 12 month contract will enable us to assess these important markets and measure the potential for further territorial expansion in the longer-term. It is a significant win for the Group as it demonstrates the appetite for and competitive advantage of our Grafyshield G+ product.

The global anticorrosion coating market is estimated to be valued at 41.20 USD billion by 2027, and the global flame-retardant coating market is estimated to be 4.83 USD billion.

Lithium-Sulphur Batteries

Lithium-Sulphur is a next generation battery chemistry offering advantages over Lithium-Ion as it has a superior energy density, significant cost advantages and a superior safety profile. We have continued to support our partner NexTech in the development of this technology, in which G+[®] will play a key role in terms of technical properties and the supply of the product at the scale necessary to satisfy the needs of the market. In the first half of the year, we agreed the removal of exclusivity originally agreed in the contract, and this allows Directa Plus to collaborate with other players in the industry.

We remain focused on supporting the development of such a potentially disruptive technology and we have already targeted another Lithium-Sulphur battery producer to accelerate the technology's commercialisation.

Others

We have maintained our investment in potential additional high return opportunities that could generate significant value for the Group in the upcoming years. The Group is currently looking with great interest at G+ applications in the concrete and polymers industries.

Intellectual Property

As at March 2023, the Group's patent portfolio comprised 81 patents granted and 37 pending, grouped into 22 families. This has increased from 72 patents granted and 27 pending, grouped into 19 families in March 2022.

New patents during the year include:

- an Italian patent covering the use of the Company's G+[®] applied to textile substrates for high bacterial filtration efficiency media for filtration applications;
- a grant of a US patent titled "Golf ball comprising graphene". The patent will enable Directa Plus to license its technology in the key US market; and
- a patent from the United States Patent and Trademark Office for the grant of a patent covering the Company's G+[®] embedded polyurethane membrane, developed explicitly for the textile industry, together with its production method and its applications.

We aim to create value from our wide IP portfolio. Discussions on potential licensing contracts are ongoing with potential for further patent applications and awards in 2023.

Environmental, Social and Governance policies

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

Environment

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

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

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

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

since 2016.

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

Social

The Board considers one of its key stakeholder groups to include its workforce and makes efforts to support our employees where possible. We are a responsible employer and carefully consider all aspects of employee rights, equal opportunities, health and safety at work and training and education. We also have a remuneration policy intended to attract, retain and motivate high calibre executives to deliver outstanding shareholder returns and at the same time maintain an appropriate compensation balance with the other employees of the Group.

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

Governance

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

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

ESG Rating

Directa Plus has embarked on the development of a full ESG Strategy and has engaged Integrum, an independent ESG ratings agency. With the objective to gather initial data upon which the Company can enhance its ESG reporting and practices for transparency for all stakeholders.

Integrum assessed and scored the company against robust frameworks including the SASB framework, Minerva Analytics and the Cambridge Impact Framework (latter against the UN Sustainability Goals).

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

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

Outlook

This year we secured a number of high-level wins in our core verticals, Environmental Remediation and Textiles. We also invested in our technology and expanded our customer and partner networks to position the business to be able to successfully serve a range of customers globally as awareness of the capabilities of graphene continues to grow.

The Company has entered the new financial year in a solid position, building on the momentum established in 2022. With an expanding network of customers and partners, a record order book and a supportive market backdrop, we are confident in the Group's ability to take advantage of the huge opportunity that is ahead.

As we build scale we expect to drive further production efficiencies and are excited about potential opportunities to expand our capacity with new installations in new geographic locations.

In parallel, we aim to create value from our wide IP portfolio. We are discussing potential licensing contracts that could accelerate the spread of our technology worldwide and generate positive cashflows for the Group.

While aware of the ongoing macroeconomic pressures, we have a dedicated and experienced team and supportive market tailwinds. The Board is confident in delivering results for 2023 in line with current expectations.

Giulio Cesareo
Chief Executive Officer
9 May 2023

Chief Financial Officer's Review

2022 was an important year of growth, in which the Group delivered a 26% increase in product and service revenue underpinned by strong traction in Environmental Remediation and Textiles. Noting the challenging and adverse market conditions, Directa Plus has efficiently managed its financial resources, mitigated the main risks and is working hard to improve its business growth and to recover margin.

Key Performance Indicators

The Board measures the performance of the Group through a number of important financial and non-financial KPIs. In a young business with a number of different vertical markets, identifying measurable data that will provide useful insight year-on-year is not always straightforward but the KPIs below aim to help shareholders understand the Group's progress.

Summary of financial KPIs with further details contained later in this report:

- Product sales and service revenue increased by 26% to €10.86m (2021: €8.62m), above market expectations
- Total income (including grants) increased by 19.4% to €11.28m (2021: €9.45m)
- Adjusted LBITDA* increased to €3.15m (2021: €2.49m)
- Loss before tax increased to €5.33m (2021: €3.38m)
- Reported (basic) Loss per share was €0.07 (2021: €0.06)
- Cash and cash equivalents at year end of €5.73m (2021: €11.13m)

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

Financial review

In 2022, the Group delivered another year of significant growth. Revenue from products and services increased by 26% to €10.86 million (2021: €8.62 million), and total income by 19.4% to €11.28 million (2021: €9.45 million).

The increase in revenue was driven by our two main verticals. Environmental Remediation services gained further traction with revenue growth of 24% to €8.14 million, supported by new and expanded contracts delivered by our subsidiary Setcar, leveraging on our technology and promoting G+ in the oil & gas industry globally. Textiles grew by 33%, with sales of €2.46 million due to the contribution of recurring and new contracts.

During the year, global markets were challenged by adverse macro-economic and geopolitical conditions. The war in Ukraine, together with post-pandemic supply chain issues, led to double digit inflation trends and created unprecedented market conditions. In the first half of the year, the Group was impacted by cost increases, from significant energy cost rises to increases in the cost of subcontracted services and general expenses. Management has sought to mitigate these cost pressures through price increases for the Group's products and investment to significantly reduce direct production costs. Our investment in next generation milling equipment in particular has built on Directa's throughput cost reduction project that was successfully begun six years ago. These actions, focused on margin recovery, are expected to have a material positive effect that will be increasingly evident during the new financial year.

Alternative performance measures

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

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

€ million	FY22	FY21
Result from operating activities	(5.02)	(3.53)
(+) Depreciation and amortisation	1.40	1.54
LBITDA	(3.61)	(1.99)
(-) One-off income	0.00	(0.50)
(+) Inventory write-off	0.11	0.00
(+) Legal costs	0.16	0.00
(+) Onerous contracts provision	0.19	0.00
Adjusted LBITDA	(3.15)	(2.49)

€ million	FY22	FY21
Loss before tax	(5.33)	(3.38)
(-) One-off income	0.00	(0.50)
(+) Inventory write-off	0.11	0.00
(+) Legal costs	0.16	0.00
(+) Onerous contracts provision	0.19	0.00
(+/-) FX gain/loss	0.20	(0.22)
Adjusted Loss before tax	(4.67)	(4.11)

Adjustments refer to:

- one-off other income of €0.5 million reported in the 2021 accounts from the release of an undue obligation to the former shareholders of Setcar;
- inventory write-off of €0.11 million in 2022, attributable to obsolete Co-Masks which are now experiencing a low market demand following the end of the Covid-19 pandemic;
- legal costs of €0.16 million linked to the protection of Directa Plus' IP portfolio and disbursements relating to a lawsuit that dates back to 2017;
- provision of €0.19 million for the total expected loss in 2023 on the conclusion of an onerous long-term contract where recovery is deemed uncertain under IFRS15. The Group is currently in discussion with the customer to seek an acceptable resolution;
- Non-cash exchange rate effects, especially on the conversion of GBP cash balances to Euro.

In December 2021, the Group completed a fundraise with gross proceeds of £7 million, by way of a placing and subscription to accelerate additional investment in development of both our primary and secondary vertical markets. As of December 2022, the Group had €5.73 million of cash and cash equivalents. The forecasts prepared by the Directors show that the Group has sufficient liquidity in place to support the plan and strategy for the future developments of the business over the next 18 months. However, the Directors also modelled some downside scenarios, based on contract losses or delays and margin reductions, that could adversely impact the Group and require it to search for additional funds before December 2024, and could represent a material uncertainty over going concern. Nevertheless, the Board has a reasonable expectation that the Group has adequate

resources in place to maintain investment and operations in line with its strategic business plan, and they have concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

Whilst the war in Ukraine, inflation, and increased Central Bank interest rates pose on-going challenges, we are monitoring these external factors and continue to react to mitigate any potential further risk. In the short term, the Group's priorities continue to be focused on the reduction of cash consumption and improving profitability as we develop our core verticals to deliver for our shareholders, partners and customers.

Giorgio Bonfanti
Chief Financial Officer
9th May 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In Euro</i>	Note	31-Dec-22	31-Dec-21
Continuing operations			
Revenue	3	10,856,144	8,615,098
Other income	3/4	424,926	831,405
Changes in inventories of finished goods and work in progress		(191,510)	12,960
Raw materials and consumables used	6	(5,856,661)	(3,634,311)
Employee benefits expenses	7	(4,424,087)	(4,296,955)
Depreciation and amortisation	11/12	(1,403,933)	(1,543,567)
Other expenses	8	(4,421,177)	(3,516,424)
Results from operating activities		(5,016,298)	(3,531,794)
Finance income	9	5,904	221,622
Finance expenses	9	(317,804)	(74,681)
Net finance costs		(311,900)	146,941
Loss before tax		(5,328,198)	(3,384,853)
Tax (expense)/income	10	53,197	(44,620)
Loss after tax from continuing operations		(5,275,001)	(3,429,473)
Loss of the year		(5,275,001)	(3,429,473)
Other Comprehensive income items that will not be reclassified to profit or loss			
Defined Benefit Plan re-measurement gains and losses	20	(6,790)	(6,457)
Other comprehensive expense for the year (no tax impact)		(6,790)	(6,457)
Total comprehensive expense for the year		(5,281,791)	(3,435,930)
Loss attributable to			
Owner of the Parent		(4,822,044)	(3,652,364)
Non-controlling interests		(452,957)	222,891
		(5,275,001)	(3,429,473)
Total comprehensive expense attributable to:			
Owners of the Company		(4,828,834)	(3,658,821)
Non-controlling interests		(452,957)	222,891
		(5,281,791)	(3,435,930)
Loss per share			
Basic loss per share	24	(0.07)	(0.06)
Diluted loss per share	24	(0.07)	(0.06)

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

<i>In Euro</i>	Note	Group		Company	
		31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Assets					
Intangible assets	11	1,664,666	1,792,277	-	-
Investments	13	-	-	30,260,336	25,680,336
Property, plant and equipment	12	3,861,151	3,982,966	-	-
Other receivables	14	69,720	185,623	-	-
Non-current assets		5,595,537	5,960,866	30,260,336	25,680,336
Inventories	5	1,121,912	1,370,875	-	-
Trade and other receivables	14	4,115,846	3,305,493	114,884	205,291
Cash and cash equivalent	16	5,727,768	11,130,468	3,787,989	9,430,364
Current assets		10,965,526	15,806,836	3,902,873	9,635,655
Total assets		16,561,063	21,767,702	34,163,209	35,315,991
Equity					
Share capital	17	205,469	205,393	205,469	205,393
Share premium	17	39,181,789	39,159,027	39,181,789	39,159,027
Foreign Currency Translation Reserve	17	(39,161)	(23,109)	-	-
Retained Earnings	17	(30,069,844)	(25,352,139)	(5,346,322)	(4,220,247)
Equity attributable to owners of Group		9,278,253	13,989,172	34,040,936	35,144,173
Non-controlling interests	17	1,546,887	2,041,938	-	-
Total equity		10,825,140	16,031,110	34,040,936	35,144,173
Liabilities					
Loans and borrowings	18	1,378,141	2,403,881	-	-
Lease liabilities	19	395,260	463,047	-	-
Employee benefits provision	20	554,444	500,535	-	-
Other payables	21	64,366	64,357	-	-
Deferred tax liabilities	15	33,095	89,497	-	-
Non-current liabilities		2,425,306	3,521,317	-	-
Loans and borrowings	18	767,677	65,840	-	-
Lease liabilities	19	239,068	217,537	-	-
Trade and other payables	21	2,112,875	1,911,898	122,273	171,818
Provision	22	190,997	20,000	-	-
Current liabilities		3,310,617	2,215,275	122,273	171,818
Total liabilities		5,735,923	5,736,592	122,273	171,818
Total equity and liabilities		16,561,063	21,767,702	34,163,209	35,315,991

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 €1,200,138 (2021: €709,825).

**CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**

<i>In Euro</i>	Share Capital	Share premium	Foreign currency translation reserve	Retained earnings	Total	Non- controlling interests	Total equity
Balance at 31 December 2020	190,996	31,395,612	(7,015)	(21,824,229)	9,755,364	906,885	10,662,249
Total comprehensive (expense)/income for the year							
Loss of the year	-	-	-	(3,652,364)	(3,652,364)	222,891	(3,429,473)
Total other comprehensive (expense)/income	-	-	-	(6,457)	(6,457)	-	(6,457)
Total comprehensive (expense)/income for the period	-	-	-	(3,658,821)	(3,658,821)	222,891	(3,435,930)
Capital raised	14,397	8,306,293	-	-	8,320,690	-	8,320,690
Expenditure related to the issuance of shares	-	(542,878)	-	-	(542,878)	-	(542,878)
Translation reserve	-	-	(16,094)	-	(16,094)	-	(16,094)
Share-based payment	-	-	-	130,910	130,910	-	130,910
Increase in share capital of Setcar	-	-	-	-	-	912,162	912,162
Balance at 31 December 2021	205,393	39,159,027	(23,109)	(25,352,139)	13,989,172	2,041,938	16,031,110
Total comprehensive (expense)/income for the year							
Loss of the year	-	-	-	(4,822,044)	(4,822,044)	(452,957)	(5,275,001)
Total other comprehensive (expense)/income	-	-	-	(6,790)	(6,790)	-	(6,790)
Total comprehensive (expense)/income for the period	-	-	-	(4,828,834)	(4,828,834)	(452,957)	(5,281,791)
Capital raised and exercise of share option	76	22,762	.	-	22,838	-	22,838
Expenditure related to the issuance of shares	-	-	-	-	-	-	-
Translation reserve	-	-	(16,052)	-	(16,052)	-	(16,052)
Share-based payment	-	-	-	111,130	111,130	-	111,130
Increase in share capital of Setcar	-	-	-	-	-	(42,094)	(42,094)
Balance at 31 December 2022	205,469	39,181,789	(39,161)	(30,069,844)	9,278,253	1,546,887	10,825,140

COMPANY STATEMENT OF CHANGES IN EQUITY

<i>In Euro</i>	Share Capital	Share premium	Retained Earnings	Total equity
Balance at 31 December 2020	190,996	31,395,612	(3,573,130)	28,013,478
Loss for the year	-	-	(709,825)	(709,825)
Capital raised	14,397	8,306,293	-	8,320,690
Expenditure related to the issuance of shares	-	(542,878)	-	(542,878)
Share-based payment	-	-	62,708	62,708
Balance at 31 December 2021	205,393	39,159,027	(4,220,247)	35,144,173
Loss for the year	-	-	(1,200,138)	(1,200,138)
Capital raised and exercise of share option	76	22,762	-	22,838
Expenditure related to the issuance of shares	-	-	-	-
Share-based payment	-	-	74,063	74,063
Balance at 31 December 2022	205,469	39,181,789	(5,346,322)	34,040,936

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

<i>In Euro</i> <i>Note</i>	Note	Group		Company	
		2022	2021	2022	2021
Cash flows from operating activities					
Loss for the year before tax		(5,328,198)	(3,384,853)	(1,200,138)	(709,825)
<i>Adjustments for:</i>					
Depreciation	12	861,127	994,021	-	-
Amortisation of intangible assets	11	542,806	549,547	-	-
Disposal loss on tangible assets		20,508			
Share-based payment expense	7	111,130	130,910	74,063	62,708
Finance income	9	(5,904)	(221,622)	207,776	(211,056)
Finance expense		303,044	56,524	2,042	988
Interest of lease liabilities	9	14,760	18,157	-	-
Other provision	21	190,997	-	-	-
		(3,289,730)	(1,857,316)	(916,257)	(857,185)
<i>(Increase)/Decrease in:</i>					
- inventories		248,963	5,072	-	-
- trade and other receivables	14	(694,450)	(493,008)	90,407	(39,029)
- trade and other payables		120,918	(1,207,601)	(49,545)	55,073
- provisions and employee benefits		28,819	37,457	-	-
Net cash from operating activities		(3,585,480)	(3,515,396)	(875,395)	(841,141)
Cash flows from investing activities					
Interest received	9	5,904	1,616	-	-
Investment in intangible assets		(415,195)	(299,056)	-	-
Investment in subsidiary	13	-	-	(4,580,000)	(2,000,000)
Contingent consideration	21	-	(572,268)	-	-
Acquisition of property, plant and equipment		(759,821)	(767,719)	-	-
Net cash used in investing activities		(1,169,112)	(1,637,427)	(4,580,000)	(2,000,000)
Cash flows from financing activities					
Proceeds from Capital raise and exercise of share options	17	22,838	8,320,690	22,838	8,320,690
Expenditure related to the issuance of shares	17	-	(542,878)	-	(542,878)
Interest paid	9	(97,456)	(45,426)	(2,042)	(988)
New borrowings	18	988,938	1,511,719	-	-
Repayment of borrowings	18	(1,312,840)	(81,666)	-	-
Repayment of lease liabilities		(223,197)	(179,646)	-	-
New lease liabilities		191,700	-	-	-
Net cash from (used in) financing activities		(430,017)	8,982,793	20,796	7,776,824
Net increase (decrease) in cash and cash equivalent		(5,184,609)	3,829,970	(5,434,599)	4,935,683
Cash and cash equivalent at beginning of the year		11,130,468	7,080,492	9,430,364	4,283,625

Exchange (losses)/gains on cash and cash equivalents	(218,091)	220,006	(207,776)	211,056
Cash and cash equivalent at end of the year	5,727,768	11,130,468	3,787,989	9,430,364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Basis of preparation

a) Statement of compliance

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

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

I. Going Concern

As of 31 December 2022, the Group (including the Company) had net assets of €10.83m (2021: €16.03m) and cash and cash equivalent of €5.73m (2021: €11.13m).

The Directors are aware that there is an ongoing need to monitor closely the cash flow requirements of the Company and Group, particularly in light of the recent developments in the markets due to the COVID-19 pandemic, the war in Ukraine and inflation trends, which have had a significant impact on global economies and could affect the business. In this regard, the Group prepares annual budgets and forecasts in order to ensure that there is 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 appropriate mitigating actions that are within their control.

The Directors prepared a cash flow forecast for the period 2023-2024 to ensure that there is sufficient liquidity in place to support the plan and strategy for the future development of the business. This forecast showed that the Group will have sufficient financial headroom for the entire forecast period. The Directors also modelled reasonably plausible downside scenarios. These include scenarios which reflect the loss of major contracts, reduction in margin and delays contracts being executed. Each of these scenarios could adversely impact the Group. Management also modelled the impact of mitigating factors within their control, including delaying capital expenditure and additional reductions in costs in order to maintain sufficient liquidity. Under these reasonably plausible downsides, the Group would utilise its cash resources before December 2024 and require additional funding. While the Group successfully raised £7m in 2021 that was fully subscribed by existing and new investors, there is no certainty that the Group will be able to raise further funds through the issue of equity in the future. As a consequence, this represents a material uncertainty that may cast significant doubt on the Group and Parent Company’s ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Based on the analysis above, the Directors have a reasonable expectation that the Group has adequate resources to support the Group’s activities for the foreseeable future and have concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

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 results in the recognition of a deferred tax liability or asset.

Non-controlling interest arising from a business combination is measured 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. Transactions eliminated on consolidation

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

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 subsidiaries is Euro ("€"). The functional currency of the Romanian subsidiary is Romanian Leu.

d) Use of estimates and judgements

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

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

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

e) Estimates

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 two-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 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. Investments

Judgement is required over the recoverability of any amounts invested into subsidiary companies, management estimates the expected future cash flows that might be generated by the underlying operations and the potential value of the assets owned and managed by these subsidiaries. As each of the subsidiaries are owned (directly or indirectly) by the Company the creditworthiness of the subsidiary is the same as the creditworthiness of the Company. Further details are set out in note 13.

V. Revenue recognition and long-term contract accrued income

The determination of anticipated costs for completing a contract is based on estimates that can be affected by a variety of factors such as potential variances in scheduling and cost of materials along with the availability and cost of qualified labour and subcontractors, productivity, and possible claims from subcontractors.

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

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

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

VI. Onerous contract provision

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

2. Significant accounting policies

a) Functional currency

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

1. 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 of trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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

II. Cash and cash equivalents

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

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

III. Trade and other payables

Trade payables are stated at their amortised cost.

IV. Financial liabilities and equity

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

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

V. Leases

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

c) Share capital

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

d) Property, plant and equipment

I. Recognition and measurement

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

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

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

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

II. Subsequent costs

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

III. Depreciation

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

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

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

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

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

e) Intangible assets

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

Patent rights acquired and development expenditure are recognised at cost.

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

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

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

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

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

I. Amortisation

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

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

f) Inventories

Inventories are stated at the lower of cost or net realisable value. The cost of inventories comprises of net prices paid for materials purchased, production labour cost and factory overhead. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Inventory provisions are recognised for slow-moving, obsolete or unsalable inventory and are reviewed on a six 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 services relates mainly to environmental services provided by Setcar which are recognised:
 - at a point in time basis when contracts include an obligation to process waste once the process occurred according with the contract in place.
 - at the point in time when the waste is delivered to our platform with no further performance obligations.
 - over time in accordance with agreed project milestones being delivered.

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

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

Contract costs are recognised in the income statement when incurred. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised immediately. As per IAS 37 an onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. In line with the principles of IAS 37 the loss will be recognised if there is a present obligation, payment is probable and the amount can be estimated reliably. The amount recognised will be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

k) Government grants

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

l) Finance income and finance costs

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

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

m) Investments in subsidiaries (Company only)

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

n) Taxation

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

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

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

Deferred tax is not recognised for:

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

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

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

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

Adoption of new and revised standards

a) New standards, interpretations and amendments effective from 1 January 2022

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

These amendments to various IFRS standards are mandatorily effective for reporting periods beginning on or after 1 January 2022. See the applicable notes for further details on how the amendments affected the Group.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Group has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

The Group, prior to the application of the amendments, did not have any onerous contracts.

As a result of the amendments, certain other directly related costs have now been included by the Group in determining the costs of fulfilling the contracts. The Group has therefore recognised an additional onerous contract provision as at 1 January 2022.

In accordance with the transitional provisions, the Group applies the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information.

New standards, interpretations and amendments not yet effective

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

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2); Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (*Amendments to IAS 12*).

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

- IFRS 16 *Leases* (Amendment – Liability in a Sale and Leaseback)
- IAS 1 *Presentation of Financial Statements* (Amendment – Classification of Liabilities as Current or Non-current)
- IAS 1 *Presentation of Financial Statements* (Amendment – Non-current Liabilities with Covenants)

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

3. Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers (CEO, CFO, 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

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

2022

<i>In euro</i>	Textile	Environmenta l	Others	Head office	Consolidated
Revenue	2,460,398	8,136,050	259,696	-	10,856,144
Cost of Sales*	(1,677,952)	(5,281,884)	(157,619)	-	(7,117,456)
Gross Profit	782,446	2,854,165	102,077	-	3,738,688
Other income	161,271	113,865	23,415	126,375	424,926
<i>Other expenses:</i>					
R&D expense	(186,587)	(420)	(76,988)	-	(263,995)
Advisory	(94,784)	(421,042)	(45,000)	(1,055,002)	(1,615,828)
Operating expenses	(411,727)	(3,057,472)	(90,439)	(2,336,519)	(5,896,157)
Depreciation & amortisation	(329,964)	(1,038,337)	(35,632)	-	(1,403,933)
Operating Loss	(79,345)	(1,549,240)	(122,568)	(3,265,145)	(5,016,298)
Net financial costs	-	-	-	(311,900)	(311,900)
Tax	-	53,197	-	-	53,197
Loss of the year	(79,345)	(1,496,042)	(122,568)	(3,577,046)	(5,275,001)
Total assets	4,582,368	11,164,786	813,909	-	16,561,063
Total liabilities	1,849,107	3,633,655	253,161	-	5,735,923

2021

<i>In euro</i>	Textile	Environmenta l	Others	Head office	Consolidated
Revenue	1,843,506	6,560,771	210,821	-	8,615,098
Cost of Sales*	(1,002,845)	(3,030,602)	(107,310)	-	(4,140,757)
Gross Profit	840,661	3,530,169	103,511	-	4,474,341
Other income	174,484	607,049	-	49,872	831,405
<i>Other expenses:</i>					
R&D expense	(317,422)	(45,450)	(25,966)	-	(388,838)
Advisory	(50,004)	(481,992)	-	(887,722)	(1,419,718)
Operating expenses	(536,615)	(2,519,008)	(135,782)	(2,294,012)	(5,485,417)
Depreciation & amortisation	(331,492)	(1,177,445)	(34,630)	-	(1,543,567)

Operating Loss	(220,388)	(86,677)	(92,867)	(3,131,862)	(3,531,794)
Net financial costs	-	-	-	146,941	146,941
Tax	-	(44,620)	-	-	(44,620)
Loss of the year	(220,388)	(131,297)	(92,867)	(2,984,921)	(3,429,473)
Total assets	5,642,443	15,086,933	1,038,326	-	21,767,702
Total liabilities	1,746,301	3,739,745	250,546	-	5,736,592

*Includes Changes in inventories of finished goods.

	2022	2021
	€	€
Sale of products	3,171,133	2,898,224
Sale of services	7,685,011	5,716,874
Government grants	171,135	166,112
Other	253,791	665,293
Total income	11,281,070	9,446,503

Geographical breakdown of revenues is:

	2022	2021
	€	€
Italy	2,663,918	1,755,329
Romania	8,096,804	6,563,839
Rest of the world	95,422	295,930
Total	10,856,144	8,615,098

The group has transacted with 3 main customers in 2022, which accounted for more than 10% of Group revenues for sales of products and services. This largest customer accounted for 13% of revenues (€1,382,080), the second largest to 11% (€1,143,446), whilst the third for 9% (€954,663). Other Income of €424,926 mainly include Government Grants for €171,135 and R&D Expenditure Credit (RDEC) for €80,000. The RDEC is an Italian incentive scheme (art.3 DL 145/2013) designed to encourage companies to invest in research and development. The credit can be used to reduce corporation tax or to offset outstanding payables related to social security.

4. Government Grants

Information regarding government grants:

	2022	2021
	€	€
Innodriver	-	25,000
Inno4covid	-	99,889
Green.Tex	11,299	30,616
Techfast	136,421	10,607
Filiere	23,415	-
Total	171,135	166,112

In 2022 Directa Plus concluded the activities related to the Green.Tex and Techfast projects.

Moreover, in October 2022 the Company was awarded with the inclusion in the Filiere project, fostered by Regione Lombardia for funding part of Directa Plus's activities in the paints vertical over 12 months. For this project the Company budgeted an overall value of approximately €270,000, financed at 50%.

The key terms of government grants are:

	Green.Tex	Tech fast	Filiere
Starting date	2020	2021	2022
Ending date	2022	2022	2023
Duration (months)	21	12	12
Total amount	96,192	147,028	135,930
Final report submitted	Yes	Yes	on-going

There are no capital commitments built into the ongoing grants. Government grants have been recognised within other income.

5. Inventory

	2022	2021
	€	€
Finished products	917,280	1,141,372
Spare parts	93,292	76,663
Raw material	111,340	93,798
Working in progress	-	59,042
Total	1,121,912	1,370,875

As of 31 December 2022, the total inventory value decreased compared to 2021. This effect was partially driven by a c. €112,000 write-off of the Co-Masks value still in stock, as the gradual Covid-19 pandemic de-escalation has slowed down the sales of Directa Plus's face masks. However, the Company is exploring any opportunity to exploiting its R&D developments on the Co-Mask project to a number of new applications, such as the air filtering industry.

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

6. Raw materials and consumables

	2022	2021
	€	€
Raw material & consumables	4,796,333	2,711,528
Textile products	1,060,328	922,783
Total	5,856,661	3,634,311

The increase in raw material & consumable costs was mainly driven by the business growth and the cost increases experienced over the year due to inflation on the markets.

7. Employee benefits expenses

	2022	2021
	€	€
Wages and salaries	3,578,948	3,525,876
Social security costs	573,778	559,856
Employee benefits	144,277	111,964
Share option expense	111,130	130,910
Other costs	146,116	103,877
Total	4,554,249	4,432,483
Capitalised cost in "Intangible assets"	(130,162)	(135,528)
Total charged to the Income Statement	4,424,087	4,296,955

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

	2022	2021
Sales and Administration	32	30
Engineering, R&D and production	159	165
Total	191	195

The total average number of employees of the Group as at 31 December 2022 was 191 (2021: 195), of which 162 were employed by Setcar.

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

	2022	2021
	€	€
Wages and salaries	768,055	773,683
Total	768,055	773,683

The aggregate emoluments (wages, salaries and social contributions) of the highest paid Director totalled €406k (2021: €527k).

Share-base payment expenses were €111,130, of which €74,063 accounted for in the Parent Company accounts as directly attributable to the Executive Directors.

8. Other expenses:

Other expenses include:

	2022	2021
	€	€
Audit of the Group and Company financial statements	108,525	81,991
Audit of the subsidiaries' financial statements	37,735	36,230
Other non-audit services provided by Group's auditor	7,780	5,978
Tool manufacturing	504,411	296,965
Analyses & tests	224,451	377,028
Travel	145,045	69,659
Technical consultancies	316,966	277,117
Shipping and logistic expenses	446,894	260,014
Insurance	186,145	165,347
Marketing	15,718	32,989
Legal, tax and administrative consultancies	1,286,662	1,252,410

The inflation trends on the global markets in the year in some cases materially affected the Group's cost base. Major effects were experienced in transportation costs (Travel, Shipping and Logistic expenses) and outsourced and professional services (Audit, Legal, tax and administrative consultancies).

Other costs, such as the Tool Manufacturing expenses (€504,411), increased in line with the Group business growth.

Analyses & tests expenses (€224,451) and technical consultancies (€316,966) refer to R&D activities outsourced to external labs and universities.

9. Net Finance expenses

Finance expenses include:

	2022	2021
	€	€
Interest Income	(5,904)	(1,616)
Interest on loans and other financial costs	82,696	45,426
Interest on lease liabilities	14,760	18,157
Interest cost for benefit plan	18,309	11,098
Foreign exchanges losses/(gains)	202,039	(220,006)
Total	311,900	(146,941)

Foreign exchange losses of €202,039 (2021: €220,006 gains) includes €207,776 of Sterling to Euro movement in the Group's Sterling bank accounts.

10. Taxation

	2022	2021
	€	€
Current tax expense	(1,581)	(1,727)
Deferred tax expense/ (recovery)	54,778	(42,893)
Total Tax income/(expenses)	53,197	(44,620)

Reconciliation of tax rate

	2022	2021
	€	€
Loss before tax	(5,328,198)	(3,384,853)
Italian statutory tax rate	24%	24%
	(1,278,768)	(812,365)

Impact of temporary differences	93,175	4,431
Losses recognised	(39,978)	(49,052)
Impact of tax rate in foreign jurisdiction	(60,007)	(35,491)
Losses not utilised	1,338,775	847,857
Total Tax (expenses)/income	53,197	(44,620)

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 €35,720,602 (€31,494,057 in 2021).

11. Intangible assets

Cost	Development cost	Patents	Goodwill	Other	Brands	Total
	€	€	€	€	€	€
Balance at 31/12/2020	3,144,804	545,740	298,348	285,105	377,017	4,651,014
Additions	135,527	172,307	-	(1,063)	-	306,771
<i>Currency translation diff.</i>	(184)	-	(4,391)	(3,059)	(5,996)	(13,630)
Balance at 31/12/2021	3,280,147	718,047	293,957	280,983	371,021	4,944,154
Additions	130,162	274,740	-	9,974	-	414,876
<i>Currency translation diff.</i>	2	-	38	25	52	117
Balance at 31/12/2022	3,410,311	992,787	293,995	290,982	371,073	5,359,146
Amortisation						
Balance at 31/12/2020	2,089,541	363,596	-	72,807	82,301	2,608,245
Amortisation 2021	389,299	71,829	-	13,797	74,621	549,547
<i>Currency translation diff.</i>	(271)	-	-	(3,313)	(2,330)	(5,914)
Balance at 31/12/2021	2,478,569	435,425	-	83,291	154,592	3,151,877
Amortisation 2022	371,719	81,670	-	14,964	74,454	542,806
<i>Currency translation diff.</i>	2	-	-	25	(230)	(203)
Balance at 31/12/2022	2,850,290	517,094	-	98,280	228,816	3,694,480
Carrying amounts						
Balance at 31/12/2020	1,055,262	182,145	298,348	212,297	294,715	2,042,767
Balance at 31/12/2021	801,578	282,623	293,957	197,692	216,428	1,792,277
Balance at 31/12/2022	560,021	475,693	293,995	192,702	142,256	1,664,666

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 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 2022 was estimated equal to €5.4m.

The impairment review of the CGU is based on an assessment of the CGU's value in use ("VIU"). In calculating VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate of 11.9% that reflects current market assessments of the time value of money and the

risks specific to the asset/CGU and a perpetual annual growth rate of 2.3% on a terminal EBIT of €5.4 million.

Based on such assumptions, the recoverable amount was estimated equal to €33.7m. In addition, a sensitivity analysis was performed, 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 €31m and €36m.

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 2022.

12. Property, plant and equipment

	Industrial Equipment	Computer Equipment	Office Equipment	Plant & Machinery	Land	ROU Assets	Under Const.	Total
Cost	€	€	€	€	€	€	€	€
Balance 31/12/2020	1,267,415	74,521	172,627	4,297,207	597,138	779,128	2,445	7,190,481
Additions	392,141	10,095	13,934	416,922	-	-	-	833,092
Disposals	(6,435)	-	(3,143)	(31,124)	-	-	-	(40,703)
<i>Currency trans. diff.</i>	<i>(32,070)</i>	-	<i>(2,228)</i>	<i>(50,895)</i>	<i>(9,498)</i>	-	<i>(38)</i>	<i>(94,728)</i>
Balance at 31/12/2021	1,621,051	84,616	181,189	4,632,110	587,640	779,128	2,407	7,888,141
Additions	430,272	2,477	8,737	317,042	-	-	-	758,528
Disposals	(39,333)	-	(48,935)	(206,642)	-	-	-	(294,910)
<i>Currency trans. diff.</i>	<i>(261)</i>	-	160	786	83	-	<i>(45)</i>	723
Balance at 31/12/2022	2,011,729	87,093	141,151	4,743,296	587,723	779,128	2,362	8,352,481
Depreciation	€	€	€	€	€	€	€	€
Balance 31/12/2020	556,309	43,807	100,663	2,123,314	-	157,120	-	2,981,213
Depreciation 2021	287,741	9,312	49,791	544,774	-	102,402	-	994,021
<i>Currency trans. diff.</i>	<i>(21,983)</i>	-	<i>(4,986)</i>	<i>(43,089)</i>	-	-	-	<i>(70,059)</i>
Balance at 31/12/2021	822,067	53,119	145,468	2,624,999	-	259,522	-	3,905,175
Depreciation 2022	267,411	10,211	38,873	442,228	-	102,402	-	861,127
Disposal 2022	(23,926)	(1,591)	(47,378)	(201,507)	-	-	-	(274,402)

Currency trans.
diff. (637) - 120 (52) - - - (569)

Balance at
31/12/2022 1,064,915 61,740 137,082 2,865,669 - 361,924 - 4,491,330

Carrying amounts

Balance
31/12/2020 711,106 30,714 71,965 2,173,892 597,138 622,008 2,445 4,209,268

Balance
31/12/2021 798,985 31,496 35,722 2,007,110 587,640 519,606 2,407 3,982,966

Balance
31/12/2022 946,814 25,353 4,068 1,877,628 587,723 417,204 2,362 3,861,151

Asset held under financial leases with a net book value of €400,634 are included in the above table within Plant & Machinery.

13. Investments in subsidiaries

Details of the Company's subsidiaries as at 31 December 2022 are as follows:

Subsidiaries	Country	Principal activity	Shareholding	
			2022	2021
Directa Plus S.p.a.	Italy	Producer and supplier of graphene-based materials and related products	100%	100%
Directa Textile Solutions S.r.l.	Italy	Commercialise textile membranes, including graphene-based technical and high-performance membranes	73.5%	73.5%
Setcar S.A.	Romania	Waste management and decontamination services business	51%	52%

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

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

	Directa Spa
At 31 December 2020	23,680,336
Additions	2,000,000
At 31 December 2021	25,680,336
Additions	4,580,000
At 31 December 2022	30,260,336

14. Trade and other receivables

Current Group Company

	2022	2021	2022	2021
	€	€	€	€
Account receivables	2,964,480	2,339,369	-	-
Tax receivables	687,670	465,953	24,230	49,539
Other receivables	463,696	500,171	90,654	155,752
Total	4,115,846	3,305,493	114,884	205,291

Non-current	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Other receivables	69,720	185,623	-	-
Total	69,720	185,623	-	-

Group account receivables of €2,964,480 are mainly composed by six major clients, covering 60% of the total amount.

Group Tax Receivables are composed of Italian VAT receivables of €348,109, UK VAT receivables of €24,230, Romanian VAT receivables of €89,898, RDEC Tax Credit receivables of €124,562 and other Italian Tax receivables of €100,872.

Other receivables are mainly composed of governments grants for €266,630 and prepayments for €185,551.

Non-current other receivables of €69,720 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 2022 the ageing of account receivables was:

Days overdue	2022	2021
	€	€
0-60	2,841,939	1,771,113
61-180	69,607	251,458
181-365	13,465	101,450
365 +	39,469	215,348
Total	2,964,480	2,339,369

The Group recognises a loss allowance for expected credit losses on trade receivables. As at 31 December 2022 the Group recognised provision for €15,181 mainly referred to Setcar's overdue debts.

15. Deferred tax liabilities

	2022	2021
	€	€
Deferred tax liabilities	98,694	174,158
Deferred tax (assets)	(65,599)	(84,661)
Total	33,095	89,497

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:

	2022	2021
	€	€
Deferred tax liabilities Cost Capitalized	48,269	86,313
Deferred tax liabilities Other	(9,788)	(1,652)
Deferred tax liabilities arising from acquisition	33,095	89,497
Deferred tax assets – losses exc. Setcar	(38,481)	(84,661)
Total	33,095	89,497

16. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Cash at bank	5,721,538	11,126,683	3,787,989	9,430,364
<i>of which restricted cash</i>	-	40,000	-	-
Cash in hand	6,230	3,785	-	-
Total	5,727,768	11,130,468	3,787,989	9,430,364

In 2021 the Company holds €40,000 of restricted cash as a guarantee for a performance bond provided by a bank for a major contract in the Environmental vertical.

17. Equity

	2022	2021
	€	€
Share Capital	205,469	205,393
Share Premium	39,181,789	39,159,027
Foreign currency translation reserve	(39,161)	(23,109)
Retained earnings	(30,069,844)	(25,352,139)
Non-controlling interests	1,546,887	2,041,938
Balance at 31 December	10,825,140	16,031,110

Share Capital

	Number of ordinary shares	Share capital (€)
At 31 December 2020	61,174,587	190,996
Share issue on 14 January *	190,872	535
Share issue on 29 December – capital raise **	1,670,518	4,962
Share issue on 30 December – capital raise **	2,996,149	8,900
At 31 December 2021	66,032,126	205,393
Share issue on 28 February ***	25,523	76
At 31 December 2022	66,057,649	205,469

* On 14 January 2021, 190,872 ordinary shares with a nominal value of £0.0025 each were issued as effect of the exercise of options of ordinary shares for Directors and Senior Managers.

** On 29 and 30 December 2021, 4,666,667 ordinary shares with a nominal value of £0.0025 each were issued as effect of the Company's capital raise.

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

Share Premium

<i>In euro</i>	Share premium
At 31 December 2020	31,395,612
Shares issued	8,306,293
Expenditure relating to the raising of shares	(542,878)
At 31 December 2021	39,159,027
Shares issued	22,762
Expenditure relating to the raising of shares	-
At 31 December 2022	39,181,789

On 28 February 2022, 25,523 ordinary shares were issued as effect of the exercise of option of ordinary shares for a Directa Plus SpA employee, at a price of £0.75 each. The Company accounted for €22,762 of gross share premium reserve.

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 € 39,161.

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 2022, non-controlling interest is composed by 49% of Setcar S.A. and 26.46% of Directa Textile Solutions Srl.

18. Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Non-current loans and borrowings	1,378,141	2,403,881	-	-
Current loans and borrowings	767,677	65,840	-	-

Total	2,145,818	2,469,721	-	-
--------------	------------------	------------------	---	---

<i>In euro</i>	2022	Current	Non-current	Repayment	Interest rate
Bank of Transilvania	407,908	407,908	-	36-monthths	Variable 4.7% ROBOR 3M + 2,5%/year
Bank of Transilvania IMM INV	436,817	113,933	322,884	60-monthths	Variable 4.11% ROBOR 3M +2.11%/year+2%
Intesa San Paolo	281,607	74,043	207,564	72-monthths	1.5%/year + EURIBOR 3M
Intesa San Paolo	21,924	6,194	15,730	72-monthths	1.5%/year + EURIBOR 3M
Intesa San Paolo	500,000	61,248	438,752	72-monthths	1.5%/year + EURIBOR 3M
Banca Popolare di Sondrio	491,970	98,759	393,211	72-monthths	1.5%/year + EURIBOR 3M

Reconciliation of liabilities arising from financing activities

	Cash flows			Non-cash flows		
	1 January 22	Capital repayments	Liabilities acquired	Accrued interests	Loan conversion into equity	31 December 22
	€	€	€	€	€	€
Borrowings	2,469,721	(1,296,210)	988,938	-	(16,630)	2,145,818
Total	2,469,721	(1,296,210)	988,938	-	(16,630)	2,145,818

Net debt reconciliation

	2022	2021
	€	€
Loans and borrowings	2,145,818	2,469,721
Lease liabilities	634,328	680,584
Less: cash and cash equivalent	(5,727,768)	(11,130,468)
Net Debt	(2,947,622)	(7,980,163)
Total equity	10,825,140	16,031,110
Debt to capital ratio (%)	(27,23%)	(49,78%)

19. Leases liabilities

The following table details the movement in the Group's lease obligations for the period ended 31 December 2022:

	2022	2021
	€	€
Non-current lease liabilities	395,260	463,047
Current lease liabilities	239,068	217,537
Total	634,328	680,584

20. Employee benefits provision

	2022	2021
	€	€
Employee benefits	554,444	500,535

Total

554,444

500,535

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 2021 and 2022 is as follows:

€

Amount at 31 December 2020	444,483
Service cost	47,536
Interest cost	11,098
Actuarial gain/losses	6,457
Benefit paid	(9,039)
Amount at 31 December 2021	500,535
Service cost	76,108
Interest cost	18,309
Actuarial gain/losses	6,790
Benefit paid	(47,298)
Amount at 31 December 2022	554,444

Variables analysis

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

	2022	2021
Annual rate interest	3.3%	2.30%
Annual rate inflation	2.10%	1.10%
Annual increase TFR	7.41%	7.41%
Tax on revaluation	17.00%	17.00%
Social contribution	0.5%	0.50%
Increase salary male	2.2%	1.20%
Increase salary female	2.10%	1.15%
Rate of turnover male	2.00%	1.70%
Rate of turnover female	1.80%	1.50%

Sensitivity analysis

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

Actuarial hypothesis - 2022

**Decrease 10%
Variation**

**Increase 10%
Variation**

		Rate	DBO €	Rate	DBO €
Increase salary	Male	1.98%		2.42%	
	Female	1.89%	(5,302)	2.31%	5,844
Turnover	Male	1.80%		2.20%	
	Female	1.62%	(4,968)	1.98%	5,153
Interest rate		2.97%	18,239	3.36%	(16,643)
Inflation rate		1.89%	(7,979)	2.31%	8,555

21. Trade and Other payables

Non-current	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Other payables	64,366	64,357	-	-
Total	64,366	64,357	-	-

Current	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Trade payables	1,088,849	946,694	28,915	93,332
Employment costs	264,627	520,380	-	-
Other payables	759,399	444,824	93,358	78,486
Total	2,112,875	1,911,898	122,273	171,818

22. Provision

Current	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Provision	190,997	20,000	-	-
Total	190,997	20,000	-	-

In compliance with IAS 37, the Group accounted for a provision relating to the expected loss on an onerous contract in Guatemala, where the recovery of excess costs is deemed uncertain under IFRS15. The Group is currently in discussion with the customer to seek an acceptable resolution.

23. Financial instruments

Financial risk management

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

a) Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in interest rates or foreign exchange rates. As at 31 December 2022 the Group is exposed to variable interest rate risk for a short term revolving loan and for the loans issued by Directa Plus SpA under the Italian Government Covid-19 Recovery Plan. Those loans, being 90% guaranteed by the Italian Government, bear a low interest rate (1.5% + EURIBOR) and, if the interest rate had increased or decreased by 200 basis points during the year the reported loss after taxation would not have been materially different to that reported.

b) Capital Risk

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

c) Credit Risk

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

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

The Group's trade receivables consist of receivables for revenue mainly in Italy and Romania. Management believes that the Group's exposure to credit risk is manageable and currently the Group's standard payment terms are 30 to 60 days from date of invoice are largely met from the clients. At the end of the period, 95% of account receivables have an ageing less of 60 days and refers to orders delivered close to the year end. As at 31 December 2022 the Group recognised a cumulated bad debt provision for €15,181.

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	2022 €	2021 €
Trade receivables	14	2,964,480	2,339,369
Cash and cash equivalent	16	5,727,768	11,130,468
Total		8,692,248	13,469,837

The largest customer within trade receivables accounts for 23% 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.

2022	Carrying amount	Up to 1 year	1 -5 years
Financial liabilities	€	€	€
Trade payables	1,088,849	1,088,849	-
Lease liabilities	634,328	239,068	395,260
Loans	2,145,818	2,469,721	760,206
Total	3,868,995	3,797,638	1,155,466

2021	Carrying amount	Up to 1 year	1 -5 years
Financial liabilities	€	€	€
Trade payables	946,694	946,694	-
Lease liabilities	680,584	217,537	463,047
Loans	2,469,721	65,840	2,403,881
Total	4,096,999	1,230,071	2,866,928

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	3,225,304

As of January 2022, in light of the favourable exchange rates and to reduce the exposure to liquidity risk, Directors decided to translate GBP 4.5 million into EUR, which supported the operating activities of Directa Plus over the year. As at 1st March 2023 the total cash held in GBP is equal to £2.8 million. If the exchange rate EUR/GBP increase by 10% the impact on P&L would be a loss equal to €0.3 million (if decrease by 10% would be a profit equal to €0.3 million).

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

24. Earnings per share

	Change in number of ordinary shares	Total number of ordinary shares	Days	Weighted number of ordinary shares
At 31 December 2021	4,857,539	66,032,126	365	61,380,599
Existing shares	-	66,032,126	58	10,492,776
Issued on 28 February 2022	25,523	66,057,649	307	55,560,817
At 31 December 2022	25,523	66,057,649	365	66,053,593

	Basic		Diluted	
	2022	2021	2022	2021
	€	€	€	€
Loss attributable to the owners of the Parent	(4,822,044)	(3,652,364)	(4,822,044)	(3,652,364)
Weighted average number of ordinary shares in issue during the year	66,053,593	61,380,599	-	-

Fully diluted average number of ordinary shares during the year	-	-	67,189,085	61,649,085
Loss per share	(0.07)	(0.06)	(0.07)	(0.06)

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

25. Share Schemes

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

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

Under the 2020 Employees' Share Scheme, in November 2020 1,801,000 options over Ordinary Shares were granted to key employees and additional 150,000 options were granted to an Executive Director in June 2021 under the same Scheme. As of 31 December 2022, the total number of outstanding Ordinary Shares awards is 567,000.

At the date of this report, an additional 539,080 share options had vested in 2020 under the 2016 Employees' and NED Share Schemes that have not yet been exercised.

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

Eligibility

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

Types of Award

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

Individual Limits

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

Variation of share capital

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

Vesting of awards

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

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

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

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

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

	2020	2021	2022
Outstanding at start of period	60,000	1,801,000	1,175,333
Granted during the period	1,801,000	150,000	-
Cancelled during the period	-	(263,000)	(123,333)
Expired during the period	-	-	-
Vested during the period	(60,000)	(512,667)	(485,000)
Outstanding at end of period	1,801,000	1,175,333	567,000
Exercisable period option price	66p	66p-118p	66p-118p
Grant date	12 Nov 20	12 Nov 20 – 15 Jun 21	12 Nov 20 – 15 Jun 21
Exercisable date	12 Nov 23	12 Nov 23 – 15 Jun 23	12 Nov 23 – 15 Jun 23

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

26. Related parties

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

Remuneration of key management personnel

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

2022	2021
€	€

Short-term employee benefits and fees	227,159	407,451
Social security costs	74,423	102,469
	301,582	509,920

The decrease in the 2022 remuneration is mainly explained by the variable remuneration and the layoff of an executive manager.

Other transaction Group

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

	2022	2021
	€	€
Sale of products	6,625	19,395

Products are sold on normal commercial terms and conditions.

27. Contingent Liabilities and Commitments

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

	2022	2021
	€	€
Bank guarantees	38,435	163,340