27 September 2023

Directa Plus plc

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

Half year Report for the Period Ended 30 June 2023

Improving margins with significant new contracts secured across key verticals

Directa Plus (AIM: DCTA), a leading producer and supplier of graphene-based products for use in consumer and industrial markets, announces its half year results for the six months ended 30 June 2023, a period in which the Group has executed well against its growth strategy, securing significant contracts and further developing its strong pipeline of opportunities.

During the period, the Group has delivered improved margins with selling price increases and a material reduction in production costs alongside a further optimisation of overheads. Gross margins improved by 4% to 46% resulting in a reduced EBITDA loss in the first half, notwithstanding a reduction in revenue due to the timing of the commencement of new contracts. Accordingly, the Board remains confident in delivering a record second half performance and expects full year revenue to be at least €12m with an EBITDA loss of c€2.5m, representing significant progress year-on-year (FY22: EBITDA loss of €3.6 million).

Financial highlights

- Revenue €4.59m (H1 2022: €5.51m)
- Total income €4.73m (H1 2022: €5.61m)
- Gross margins improved to 46% (H1 2022 42%), with further improvement targeted
- EBITDA loss* €1.25m (H1 2022: €1.40m)
- Loss before tax €1.91m (H1 2022: €2.21m)
- Cash at period end €4.24m (FY22: €5.73m), in-line with management expectations

** EBITDA loss represents results from operating activities before tax, interest, depreciation and amortisation.*

Target markets progress

Environmental remediation: 71% of period revenue (H1 2022: 76%)

- Grafysorber® technology rapidly gaining commercial traction for water and oil decontamination, evidenced by new contract wins and recurring customer business
- Successful demonstration of pilot plant for the continuous treatment of produced water using Grafysorber®, further broadening the range of potential applications of Grafysorber®
- Post period-end, a €5.5m three-year contract signed with LIBERTY Galati for oily mill scale produced in steel making, the largest single contract won to date with potential to expand to €8m

Textiles: 29% of period revenue (H1 2022: 22%)

- Signed an exclusive agreement in May 2023 with Grassi SpA, to expand the use of Graphene Plus Planar Thermal Circuit® (PTC®) technology in the workwear and military markets
- Launch of GRAPHITO, an eco-denim, in June 2023 with Candiani Denim, an international textile producer that marks a significant advancement in the sustainable fashion industry

- Further orders received under an exclusive supply agreement with MC Armour, based in Latin America, for printed PTC® textile linings

Other

- Growing market interest and commercial traction for GiPave®, a supermodifier incorporating G+ graphene technology, for sustainable, high performant asphalt made with waste plastic
- Positive initial discussions with major paint producers for Grafyshield G+ with the support of partner, Pigmentsolution GmBH, a European distributor of speciality chemicals and ingredients
- Post period-end, signed a strategic collaboration with The SPECTRUM Group, a US strategic advisory and government relations firm, to explore the potential of G+ technologies in the US defence sector

Giulio Cesareo, Founder & CEO of Directa Plus, said: "*Directa Plus has entered the second half in a strong position, with improved margins and a growing business pipeline, providing confidence in our future growth. We secured several meaningful wins in the first half and, notably, our largest single contract win to date with LIBERTY Galati post-period end, demonstrating the increasing value of our technology.*

"We are seeing increasing traction in graphene technology and its applications, and as the market grows globally, we are confident in our ability to capitalise on this growth with Directa Plus well positioned to scale its activities. We are relentless in our attention to delivering the best quality graphene at the best possible price, and in the first half we achieved a further significant reduction in our production costs.

"Our principal focus remains on developing sales in the Group's core vertical markets, Environmental Remediation and Textiles, and I am pleased with the initial progress we are making under our new collaboration with The SPECTRUM Group to introduce our cutting-edge G+ graphene-based products to the US defence sector. We remain highly selective in addressing other opportunities in new markets and in new geographical locations where prospects are encouraging, that enable the business to build commercial momentum and broader opportunities for growth."

For further information please visit http://www.directa-plus.com/ or contact:

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About Directa Plus

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+®) have multiple applications due to its properties. These G+® 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. The Company holds the Green Economy Mark from London Stock Exchange which recognises companies that contribute to the global green economy.

Chief Executive Officer's statement

Directa Plus made solid progress in the first half of the year, successfully improving its margins and securing new contract wins in our core verticals, Environmental Remediation and Textiles, whilst also investing in technology and customer and partner networks to advance the Group on its path to profitability.

We continue to deliver across all four pillars of our strategy – Process, Product, Time to Market and Partnerships - in all key verticals, with highlights including the Group's largest single contract to date, post-period end, for a total of €5.5m with LIBERTY Galati, with the potential for further expansion, underpinning the Group's confidence to deliver in line with market expectations for the full year. The success of our strategy is also evident in our growing contract pipeline, setting the Group on a growth trajectory.

Whilst revenue in the period is €4.59m vs €5.51m for the prior comparable period, EBITDA loss has improved to €1.25m (vs €1.40m in H1 2022). We have continued to improve the Group's margins and the success of these efforts is reflected in the EBITDA increase and reduced net loss. This has been achieved through constructive contract renegotiations and price readjustments, and various cost mitigation actions taken since FY22, in particular to allay the impact of rising costs to help improve margins in response to higher energy and raw material costs. The cost reduction plan initiated in FY22 also included investment in new milling equipment to reduce direct production costs for the pre-exfoliation phase of production, and in certain cases we have seen direct costs fall by up to 70%. We continue to assess pricing for both products and long-term contracts to position the business to withstand future headwinds by taking full advantage of the technology platform we have developed.

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. Alongside this, 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 with paints and filtration. The Group made good progress in these areas, securing new wins, grants and expanding our partner network.

The new wins in the period highlight the increasing interest in graphene technology and its applications from our partners to support a more sustainable future. As the market grows globally, we are confident in our ability to capitalise on this growth, through our unique technology that supplies G+ graphene material into several applications and products, created in close collaboration with our partners and customers. Whilst our focus remains on developing the Group's core verticals, Environmental remediation and Textiles, the opportunities to expand into new markets in new geographic locations are encouraging, enabling the business to build strong commercial momentum.

Among others, the strategic partnership with The SPECTRUM Group, a US strategic advisory and government relations firm, will be key to exploring the potential of G+® technologies in the US defence sector. Spectrum will leverage its expertise and extensive network to support Directa Plus in driving its business expansion into the military technology sector in the US.

The progress we made in the first half has laid the foundations for a strong H2, where we expect to deliver even higher margins, to build a highly scalable and profitable business.

Financials

These results show a solid performance, adeptly navigating the cost pressures experienced in 2022. Amidst this backdrop, the Group concentrated its attention on regaining and increasing its margins, the success of which is showing through in H1 2023. Notwithstanding the lower revenue in the period compared to H1 2022, as a result of timings of contracts commencing, the Group successfully reduced its EBITDA loss by 11% (€1.25m) and its Net Loss by 14% (€1.90m), improving the financial sustainability of the Company with adequate cash position of €4.24m in line with management expectations.

Our improved margins have been achieved via three main channels: strong commercial activity supporting contract renegotiations and price adjustments; specific investments in our production line in order to reduce production costs, which has seen our costs fall by 70% in the last 12 months; and a general expenses mitigation plan, formulated without detriment to the Group's specific investment strategy.

We are pleased to report that the Group has a significant and growing pipeline expected to commence in the second half of the year. The €5.5m contract signed with LIBERTY Galati, the Group's largest single contract to date, will commence in October. This important milestone for the Group enriches our order portfolio and signals our growth trajectory. Furthermore, the contract is testament to the value placed in Directa Plus' technology.

Review of Operations

Environmental (71% of annual revenue)
Environmental remediation activities are principally carried out through Setcar, a subsidiary company based in Romania, which delivered promising results in the period, in line with management's expectations.

Grafysorber® technology is a hybrid graphene-based solution for treating water sludges and emulsions containing hydrocarbons. It is at least five times more effective than current technologies - absorbing more than 100 times its own weight of oil-based pollutants. Grafysorber® technology is rapidly gaining commercial traction for water and soil decontamination, evidenced by the new business wins and repeat business from existing customers secured, both locally and internationally.

Significantly, post-period end, Setcar secured Directa Plus' largest contract to date. A €5.5m, three-year contract, with the potential for further expansion up to a total value of €8.0m, with LIBERTY Galati, the largest integrated steel producer in Romania, to provide a solution for the treatment of oily mills sludge produced in the manufacturing of steel. I am incredibly proud of the team on this achievement which not only demonstrates the increasing demand for Directa Plus' products and solutions, but also our ability to support some of the largest businesses in the world.

The Group also launched a pilot for a new concept for produced water treatment using Grafysorber®, through Setcar, which was showcased at the Setcar Environmental division and is in line with the Group's strategy to adopt new technologies that can decontaminate and limit the waste of precious elements such as water. Directa Plus is now working with an existing major customer in Romania to utilise this new solution for treating produced water in one of their oil production areas, with operations commencing as soon as possible, before rolling out the solution to customers globally.

Post period, the Group announced a strategic partnership with The SPECTRUM Group, a US strategic advisory and government relations firm, to explore the potential of G+® technologies in the US defence sector. Spectrum will leverage its expertise and extensive network to support Directa Plus in driving its business expansion into the military technology sector. The collaboration involves joint efforts in the development of cutting-edge products, including G+® textile technologies (i.e thermal management, antistatic, antimicrobial and thermal camouflage solutions), and Grafysorber technology, with the aim to minimise the time to market for the Group's G+ technologies in the US defence sector.

Textiles (29% of annual revenue)
The Group delivered good growth within the Textiles vertical in H1, as it expands its range of applications. Our growing customer base spans a variety of markets benefitting from the advantages of G+® technology which 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
In May 2023, the Group signed an exclusive agreement with longstanding customer, Grassi SpA ('Grassi'), to expand the use of its Graphene Plus Thermal Planar Circuit® (PTC®) technology in the workwear and military markets. Grassi is a leading Italian workwear and outerwear manufacturer with a strong focus on innovation and sustainability and was the first manufacturer in the textiles vertical to integrate Directa Plus' G+® technologies into its product line. Directa Plus has been working in partnership with Grassi since 2017 to provide the workwear industry with sustainable clothing and has already supplied over 250,000 linear meters of graphene-treated lining to Italian public organisations. This new contract will add to the Company's recurring revenue stream on its Graphene Plus PTC® technology and demonstrates the continuing appetite from end users across the textile industry for garments which have no biological or environmental impact. Grassi, following the allotment of a new public contract, will supply an Italian institution with PTC® technology.

Luxury
Directa Plus has been involved in the luxury market since near inception and continues to see interest from brands in the development of innovative, technical new products to add to their collections. A key highlight in the Period includes the launch of GRAPHITO, in collaboration with Candiani Denim (Candiani), an international textile producer based in Italy, focused on innovation and sustainability. GRAPHITO is an eco-denim textile and represents a significant advancement in the sustainable fashion industry by addressing denim's environmental impact and extending the lifespan of denim garments.

There is growing interest from well-known brands across the luxury industry for future collaborations with Directa Plus which continues to provide the Group with confidence in the exciting opportunities ahead.

Air filters
Post-period end, the Group was awarded a new tender by the Italian Region of Lombardy as part of its

'Ricerca & Innova' programme to further develop Graphene Plus (G+) air filtration applications. The project is for an 18-month period and has a total value of c.€400,000 which includes a non-repayable grant of €142,500 and a zero-interest loan €264,642 which will be repaid over seven years. This award enables the Group to continue investing in and developing our air filter applications, leveraging the antiviral and antimicrobial properties of its G+ technologies.

Further textile applications
The Group secured its first exclusive supply agreement for printed graphene textile Planar Thermal Circuit® (PTC®) in Latin America with a Columbian based manufacturer of ballistic protection clothing, CIA Miguel Caballero SAS in October 2022, which continues to progress well. Within the military sector, the Board is assessing the opportunities for Directa Plus with potential new customers worldwide, with a particular focus on the US market.

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. This collaboration continues to demonstrate the potential for significant volumes in the coming years.

Additional industrial verticals
Composites
The asphalt applications of Directa Plus's G+ graphene technology have great potential and the product developed with Iterchimica, GiPave® provides exceptional results in terms of increased durability and a reduced carbon footprint. Directa Plus is now seeing growing market interest internationally for the product, with current discussions in Italy, Brazil, US and Romania, and it is gaining commercial traction. 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
Directa Plus' graphene-based paint solution provides enhanced anti-flame and anti-corrosion properties compared to normal paints which we have identified as another area with high-return potential. 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.

In H1 2023 the Group has been working with Pigmentsolution GmbH, a European distributor of speciality chemicals and ingredients, to support the development and distribution of Directa Plus's new patented Graphene Plus (G+) product, Grafyshield G+, initially in Germany, Austria, Switzerland and Poland, with the potential for further expansion in Europe.

Intellectual Property

As at September 2023, the Group's patent portfolio comprises 85 patents granted and 37 patents pending. The patents are grouped into 22 families, 4 covering G+® production and 18 covering G+® products and applications.

- June 2023 - two new Italian patents, the EP patent, which relate to the 'apparatus for treating materials with plasma', and the ET patent, which relates to the 'composition comprising graphene for the treatment of textile articles'.

- March 2023 - an Italian patent for its G+® graphene technology for air-filtering applications.

We are focused on creating value from our wide IP portfolio. Discussions on potential licensing contracts are ongoing with potential for further patent applications and awards in H2 2023.

Outlook

I am proud of what the team has achieved in the first half of the year to position the business for scale. We secured several high-level wins in H1, bolstered in August with the award of our largest single contract to date with LIBERTY, demonstrating that our technology is not only valid, but valued by our customers. We continue to grow our new business pipeline across Europe, with expanding potential opportunities in the US and Asia, and the investments we have made to date in our technology and partner and customer networks, confirm we have the right strategy in place to capture this growing opportunity as we progress on a path towards profitability.

The Company has entered H2 in a strong position, where we will continue to focus on growing the business and improving margins over time.

Giulio Cesareo
Chief Executive Officer
26 September 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 20223

		Unaudited	Unaudited	Audited
In Euro		**30-Jun-23**	**30-Jun-22**	**31-Dec-22**
Continuing operations				
Revenue		4,591,757	5,508,706	10,856,144
Other income		134,188	100,667	424,926
Changes in inventories of finished goods and WIP		80,604	174,084	(191,510)
Raw materials and consumables used		(2,247,739)	(2,984,979)	(5,856,661)
Employee benefits expenses		(2,236,100)	(2,259,310)	(4,424,087)
Depreciation and amortisation		(624,757)	(646,657)	(1,403,933)
Other expenses		(1,572,167)	(1,943,883)	(4,421,177)
Results from operating activities		**(1,874,214)**	**(2,051,372)**	**(5,016,298)**
Finance income		52,901	1,009	5,904
Finance expenses		(86,860)	(161,513)	(317,804)
Net finance costs		**(33,959)**	**(160,504)**	**(311,900)**
Loss before tax		**(1,908,173)**	**(2,211,876)**	**(5,328,198)**
Tax (expense)/income		4,969	(6,149)	53,197
Loss after tax from continuing operations		**(1,903,204)**	**(2,218,025)**	**(5,275,001)**
Loss of the year		**(1,903,204)**	**(2,218,025)**	**(5,275,001)**
Other Comprehensive income items that will not be reclassified to profit or loss				
Defined Benefit Plan re-measurement gains and losses		(834)	1,350	(6,790)
Other comprehensive expense for the year (no tax impact)		**(834)**	**1,350**	**(6,790)**
Total comprehensive expense for the year		**(1,904,038)**	**(2,216,675)**	**(5,281,791)**
Loss attributable to				
Owner of the Parent		(1,851,444)	(2,230,996)	(4,822,044)
Non-controlling interests		(51,760)	12,971	(452,957)
		(1,903,204)	**(2,218,025)**	**(5,275,001)**
Total comprehensive expense attributable to:				
Owners of the Company		(1,852,278)	(2,229,646)	(4,828,834)
Non-controlling interests		(51,760)	12,971	(452,957)
		(1,904,038)	**(2,216,675)**	**(5,281,791)**
Loss per share				
Basic loss per share	2	(0.03)	(0.03)	(0.07)
Diluted loss per share	2	(0.03)	(0.03)	(0.07)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

		Unaudited	Unaudited	Audited
In Euro	**Note**	**30-Jun-23**	**30-Jun-22**	**31-Dec-22**
Assets				
Intangible assets		1,556,023	1,829,204	1,664,666
Investments		-	-	-
Property, plant and equipment		3,445,149	3,769,629	3,861,151
Other receivables		69,352	553,904	69,720
Non-current assets		**5,070,524**	**6,152,737**	**5,595,537**
Inventories		1,437,610	1,597,476	1,121,912
Trade and other receivables		3,438,591	3,052,595	4,115,846
Cash and cash equivalent		4,241,161	7,776,689	5,727,768
Current assets		**9,117,362**	**12,426,760**	**10,965,526**
Total assets		**14,187,886**	**18,579,497**	**16,561,063**
Equity				
Share capital		205,469	205,469	205,469
Share premium		39,181,789	39,181,789	39,181,789
Foreign Currency Translation Reserve		(45,151)	(45,100)	(39,161)
Retained Earnings		(31,893,194)	(27,569,021)	(30,069,844)
Equity attributable to owners of Group		**7,448,913**	**11,773,137**	**9,278,253**
Non-controlling interests		1,490,674	1,880,198	1,546,887
Total equity		**8,939,587**	**13,653,335**	**10,825,140**
Liabilities				
Loans and borrowings		1,894,125	1,687,953	1,378,141
Lease liabilities		237,240	363,877	395,260
Employee benefits provision		389,702	519,055	554,444
Other payables		64,158	64,392	64,366
Deferred tax liabilities		28,050	73,332	33,095
Non-current liabilities		**2,613,275**	**2,708,609**	**2,425,306**
Loans and borrowings		418,875	137,434	767,677
Lease liabilities		265,506	204,868	239,068
Trade and other payables		1,950,643	1,875,251	2,112,875
Provision		-	-	190,997
Current liabilities		**2,635,024**	**2,217,553**	**3,310,617**
Total liabilities		**5,248,299**	**4,926,162**	**5,735,923**
Total equity and liabilities		**14,187,886**	**18,579,497**	**16,561,063**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In Euro	Share Capital	Share Premium	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total Equity
Balance at 31 December 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 period							
Loss of the Period	-	-	-	(2,230,996)	(2,230,996)	12,971	(2,218,025)
Total other comprehensive (loss)/income	-	-	-	1,350	1,350	-	1,350
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**(2,229,646)**	**(2,229,646)**	**12,971**	**(2,216,675)**
Capital raised	76	22,762	-	-	22,838	-	22,838
Translation reserve	-	-	(21,991)		(21,991)	-	(21,991)
Increase in share capital of Setcar	-	-	-	-	-	(174,711)	(174,711)
Share-based payment	-	-	-	12,765	12,765	-	12,765
Balance at 30 June 2022	**205,469**	**39,181,789**	**(45,100)**	**(27,569,021)**	**11,773,137**	**1,880,198**	**13,653,335**
Total comprehensive (expense)/income for the period							
Loss of the Period	-	-	-	(2,591,048)	(2,591,048)	(465,928)	(3,056,976)
Total other comprehensive (expense)/income	-	-	-	(8,140)	(8,140)	-	(8,140)
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**(2,599,188)**	**(2,599,188)**	**(465,928)**	**(3,065,116)**
Capital raised	-	-	-	-	-	-	-
Translation reserve	-	-	5,939	-	5,939	-	5,939
Increase in share capital of Setcar	-	-	-	-	-	132,617	132,617
Share-based payment	-	-	-	98,365	98,365	-	98,365
Balance at 31 December 2022	**205,469**	**31,181,789**	**(39,161)**	**(30,069,844)**	**9,278,253**	**1,546,887**	**10,825,140**
Total comprehensive (expense)/income for the period							
Loss of the Period	-	-	-	(1,851,444)	(1,851,444)	(51,760)	(1,903,204)
Total other comprehensive (loss)/income	-	-	-	(834)	(834)	-	(834)

Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**(1,852,278)**	**(1,852,278)**	**(51,760)**	**(1,904,038)**
Capital raised	-	-	-				
Translation reserve	-	-	(5,990)	-	(5,990)	(4,453)	(10,443)
Change of Setcar non-controlling interests	-	-	-	-	-	-	-
Share-based payment	-	-	-	28,928	28,928	-	28,928
Balance at 30 June 2023	**205,469**	**31,181,789**	**(45,151)**	**(31,893,194)**	**7,448,913**	**1,490,674**	**8,939,587**

CONSOLIDATED STATEMENT OF CASH FLOW
For the six months ended 30 June 2023

In Euro	**(Unaudited) 30 Jun 2023**	**(Unaudited) 30 Jun 2022**	**Audited 31 Dec 2022**
Cash flows from operating activities			
Loss for the year before tax	(1,908,173)	(2,211,876)	(5,328,198)
Adjustments for:			
Depreciation	407,484	391,732	861,127
Amortisation of intangible assets	217,273	254,925	542,806
Disposal loss on tangible assets	27,889	-	20,508
Share-based payment expense	28,928	12,765	111,130
Finance income	(52,901)	(1,009)	(5,904)
Finance expense	81,273	153,812	303,044
Interest of lease liabilities	5,587	7,702	14,760
Other provision	(190,997)	-	190,997
	(1,383,637)	**(1,391,949)**	**(3,289,730)**
(Increase)/decrease in:			
- inventories	(315,698)	(226,600)	248,963
- trade and other receivables, prepayments	677,623	(115,384)	(694,450)
- trade and other payables	(178,957)	(261,375)	120,918
- provisions and employee benefits	(175,170)	11,360	28,819
Net cash used in operating activities	**(1,375,839)**	**(1,983,948)**	**(3,585,480)**
Cash flows from investing activities			
Interest received	10,698	1,009	5,904
Investment in intangible assets	(97,569)	(291,853)	(415,195)
Acquisition of property, plant and equipment	(19,370)	(178,395)	(759,821)
Net cash used in investing activities	**(106,241)**	**(469,239)**	**(1,169,112)**
Cash flows from financing activities			
Proceeds from Capital raise and exercise of share options	-	22,838	22,838
Interest paid	(71,886)	(33,603)	(97,456)
New borrowings	670,155	285,680	988,938
Repayment of borrowings	(502,973)	(930,013)	(1,312,840)
Repayment of lease liabilities	(131,582)	(111,840)	(223,197)
New lease liabilities	-	-	191,700
Net cash from (used in)/ financing activities	**(36,286)**	**(766,938)**	**(430,017)**
Net (decrease)/increase in cash and cash equivalent	**(1,518,366)**	**(3,220,125)**	**(5,184,609)**
Exchange (losses)/gains on cash and cash equivalent	**31,759**	**(133,654)**	**(218,091)**
Cash and cash equivalents at beginning of the period	**5,727,768**	**11,130,468**	**11,130,468**

Cash and cash equivalents at end of the period	**4,241,161**	**7,776,689**	**5,727,768**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the 6 months ended 30 June 2023

1. Basis of preparation

(a) Statement of compliance

The financial information contained in this announcement does not constitute statutory financial statements within the meaning of Section 435 of the Companies Act 2006.

The financial information for the six months ended 30 June 2023 is unaudited. In the opinion of the Directors, the financial information for the period fairly represents the financial position of the Group. Results of operations and cash flows for the period are in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The accounting policies, estimates and judgements applied are consistent with those disclosed in the Group's statutory financial statements for the year ended 31 December 2022. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the full annual report for the year ended 31 December 2022.

All financial information is presented in Euro, unless otherwise disclosed.

The Directors of the Company approved the financial information included in these Interim condensed consolidated financial statements on 26 September 2023.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise stated.

(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 Italian operating subsidiary is Euro ('€'). The functional currency of the Romanian subsidiary is RON.

(d) Going concern

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

As of 30 June 2023, the Group had net assets of €8.94m (31/12/2022: €10.83m) and cash and cash equivalent of €4.24m (31/12/2022: €5.73m).

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, inflation trends and raises in interest rates, 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 prepare annual budgets and forecasts in order to ensure that they have sufficient liquidity in place in the business.

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 12 months.

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.

2. Earnings Per Share

The earnings per share have been calculated using the weighted average of ordinary shares. The Company was loss making for all periods presented. Therefore, the dilutive effect of share options has not been taken account of in the calculation of diluted earnings per share, since this would decrease the loss per share for each of the period reported.

	Change in number of ordinary shares	Total number of ordinary shares	Days	Weighted number of ordinary shares
At 31 December 2020	63,624	61,174,587	365	61,087,158
At 31 December 2021	4,857,539	66,032,126	365	61,380,599
At 31 December 2022	25,523	66,057,649	365	66,053,593
At 30 June 2023	-	66,057,649	181	66,057,649

Earnings per share

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Loss for the year	(1,851,444)	(2,230,996)	(4,822,044)
Weighted average number of shares:			
- Basic	66,057,649	66,049,470	66,053,593
- Diluted	67,473,141	67,044,295	67,189,085
Loss per share			
- Basic	**(0.03)**	**(0.03)**	**(0.07)**

-	Diluted	**(0.03)**	**(0.03)**	**(0.07)**

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