

3 June 2025

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

Final Results

Directa Plus (AIM: DCTA), a leading producer and supplier of graphene-based products for use in consumer and industrial markets, announces its final results for the year ended 31 December 2024.

Financial highlights

- Product sales and service revenue at €6.66m (2023: €10.53m), impacted by temporary delays in key customer orders and contract awards in the Environmental Remediation and Textiles divisions, as well as the exit from some selected lower-margin contracts
- Total income (including grants) at €6.83m (2023: €10.86m)
- Adjusted LBITDA* increased by 42% to €3.64m (2023: €2.56m), driven by lower revenues, offset in part by continued cost control and improved production efficiencies
- Loss before tax increased by 25% to €5.37m (2023: €4.31m)
- Reported (basic) Loss per share stable at €0.06 (2023: €0.06)
- Cash and cash equivalents at year end of €4.98m (2023: €2.39m), significantly strengthened by the capital raise completed in June 2024
- Total patents granted at year end of 106 (2023: 86)

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

Target market progress

Environmental Remediation - 79% of revenue (2023: 69%)

- Acquired a further 49% stake in Setcar taking the Group's holding to 99.95%, following which Directa Plus has appointed a new board and general manager, and has set about significantly improving operational efficiencies within Setcar
- Post period, secured a number of new contract wins and renewals, including a further renewal with FORD Otosan and a new contract signed with MIDIA International
- Resumed activities with OMV Petrom for the decontamination of sludges using Grafysorber® and signed a €1.6 million contract extension post period end in April 2025

Textiles - 20% of revenue (2023: 30%)

- The European textile market continued to be challenged by weaker consumer spending, resulting in a slowdown in revenues, although there are some signs of a recovery, supported by a stabilisation in inflation
- Continued to work with major workwear, defence and fashion brands, seeing growing demand for the Group's technical product enhancements globally and increasing interest for the properties of G+ graphene

Operational updates

- Secured c. €0.5 million of targeted annualised cost savings across the Group, which will be reflected in FY2025
- Competitive position improved with enhancements to the production line, including replacing argon gas for nitrogen gas, providing significant cost savings and environmental benefits
- Renewed production team, now working on a remodelling of the production line aimed at further increasing productivity and ensuring greater operational flexibility at lower direct production costs
- R&D capabilities strengthened to better align with evolving market needs and to drive innovation

Outlook

- Trading in Q1 FY2025 has been robust, with revenues of approximately €2 million, up c. 40% on the same period in 2024, primarily driven by several contract renewals across the Environmental and Textiles divisions, including with Grassi, Ford Otosan, Cummins and Metchem
- Current order book stands at approximately €7 million for FY2025, supported further by a good pipeline of opportunities
- Setcar is progressing well, with an initial agreement with Midia International SA, worth up to \$1.5 million, signed in February 2025, and a €1.59 million contract extension with OMV Petrom, for the use of Directa Plus's patented Grafysorber® technology to treat oil sludges, emulsions, and contaminated water
- Momentum building with new contract wins and renewals, and a clear focus on reducing the Group's cost structure. The Board is confident in achieving results for FY25 in line with market expectations

Giulio Cesareo, Founder & CEO of Directa Plus, said: *“Good strategic progress was made in the year to offset challenges presented by some contract delays and external pressures and strengthen the Group, laying the groundwork for sustainable future growth. The success of our strategy is seen in the momentum which picked up towards the end of the year, with a number of new contract wins and renewals secured, supported by a growing pipeline, providing confidence in achieving results for FY25 in line with market expectations. The Group is well-positioned to capitalise on future opportunities as market conditions stabilise.”*

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 past

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.

Chairman's statement

FY24 was a challenging year for the Group. Whilst we didn't meet our initial revenue expectations, due to short-term headwinds, including delayed customer decision-making and geopolitical uncertainty, which ultimately extended timelines on the award of key contracts across the Environmental Remediation and Textiles divisions, we continued to make good strategic progress. These headwinds deferred contracts into FY25, resulting in product and service revenue of €6.7 million (2023: €10.5 million) and adjusted LBITDA of €3.6 million (2023: €2.6 million). The revenue decline was exacerbated also by our decision during the year to cease significant low margin service activities in favour of a focus on higher margin, higher value-added services, including our Grafysorber® technology.

During the year the team worked hard to deliver against our four strategic pillars across each of our key verticals. In particular, strong progress was made in reducing production costs and streamlining our operations, and in reinforcing our position in key markets, such as Environmental Remediation and Textiles. The Group has now secured its initial target of €0.5 million of annualised cost savings, which will be realised in the current financial year. In addition, we have established a new production team that is now working on modifying our production line, aimed at further increasing productivity and ensuring greater operational flexibility at significantly lower direct production costs, further supporting the foundations for future growth. The year also saw the completion of a successful capital raise and the acquisition of full majority control of Setcar, two key developments for the Group that will help accelerate our growth and unlock future shareholder value.

After the headwinds experienced in FY24, it is pleasing to report that trading in FY25 has shown a strong recovery, with Q1 revenues of approximately €2 million, up c. 40% on the same period in 2024, primarily driven by several contract renewals across the Environmental Remediation and Textiles divisions, including with Grassi, Ford Otosan, Cummins and Metchem. The Group's current order book is healthy, providing improved visibility, and the Board is confident of meeting FY25 market expectations.

Delivering on our strategy

We remain focused on delivering across the four pillars of our growth strategy: a unique, low-cost graphene production process; the manufacture of pristine graphene nanoplatelets free of chemical pollutants and tailored to customers' needs; a reduced time to market for new products, benefitting from considerable accumulated knowhow and strong IP; and market reach leveraged through carefully assessed partnerships. In line with our strategy, the Group has successfully built a significant pipeline of opportunities and tenders across all its verticals.

In June 2024, we successfully completed a £6.9m capital raise to invest further in the delivery of the Group's strategic growth plan, and to fund the €1.5 million acquisition of the c. 49% minority holding in Setcar, bring our total shareholding in our environmental services subsidiary to 99.95%. I would like to thank all shareholders who participated in the fundraise for their support of the Group and the next phase of development.

Since the acquisition, significant improvements have been implemented to better align Setcar's operations with the Group's strategy and culture, increase efficiency and to position the business to capture and deliver on the pipeline of environmental opportunities ahead.

The graphene market is forecast to grow at pace in the coming years, with Fortune Business Insights estimating the market to reach over \$5 billion by 2032. This growth is driven by increasing demand for advanced materials in industries like electronics, energy, and automotive and we believe that Directa Plus is well positioned to capitalise on this market momentum.

Sustainability

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

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

CEO succession

The Group's Founder and Chief Executive Officer, Giulio Cesareo, has confirmed that he would like to step back from his CEO role, effective by the 2026 AGM. Giulio has been the driving force for the development of the Group since its foundation in 2005, taking a unique graphene production process from the drawing board to commercialisation, with significant recurring contracts and future opportunity. The Board will be looking at appropriate succession planning over the coming 12 months and Board changes to ensure that the Group is able to continue to benefit from Giulio's knowledge, expertise and customer contacts into the future. Further announcements will be made as and when appropriate.

Summary and looking ahead

Whilst the Group's financial performance in FY24 was lower than expected, the Group has entered FY2025 with renewed optimism and stronger trading as we look to recover our growth path. The management team has worked effectively to ensure we have the right strategy and building blocks in place to capture the significant opportunities ahead and to deliver value across our growing network of partners and customers. Looking ahead, we remain committed to reducing our cost base and increased operational efficiencies, with prioritisation being given to investments directly linked to short term returns. With the increased traction in graphene technology and its applications globally, I am confident we are well placed within the market.

Richard Hickinbotham

Non-Executive Chairman

2 June 2025

Chief Executive Officer's statement

FY24 presented the Group with challenges that the Board has responded to by strengthening the Group and laying the groundwork for sustainable future growth. As a result, we are more confident that Directa Plus is well-positioned to capitalise on future opportunities as market conditions stabilise.

Our strategic shift towards prioritising higher margins and value-added services resulted in lower revenues in the year. Alongside this, we continued to encounter operational challenges and delays in securing key contracts within our Environmental Remediation and Textiles divisions. These issues carried over into the second half of the year, leading to financial performance for FY24 that was below our initial expectations.

Despite external pressures, we made tangible progress in areas core to our long-term strategy – from technology deployment and operational streamlining, to reinforcing our position in key markets such as Environmental Remediation. The successful capital raise and the full acquisition of Setcar are two significant milestones that will help accelerate our strategic agenda and unlock further value.

As part of strengthening the Group for future growth, we completed a £6.9m capital raise in mid-2024 to support investment in line with our strategic plan to accelerate the Group's path to profitability. Since the full acquisition of Setcar, we have made considerable headway, securing operational efficiencies, including a headcount reduction, and the appointment of a new subsidiary board. Importantly we have also recruited a new General Manager, who brings over 15 years engineering experience internationally and will play a crucial role in ensuring Setcar is positioned for growth through improved focus and leadership. In line with this reorganisation, there is a process for further senior appointments in place, including a new Sales Director, to strengthen commercial capabilities.

The capital raise also provided funds for investments to support the commercialisation of our G+ graphene, increase the Group's technical and commercial capabilities, and improve our production line to further reduce our production costs. We have additionally restructured the manufacturing and R&D teams in Italy, maximising the benefits of Directa Plus' technology and production process to deliver more effective, scalable and customer-oriented solutions. Notably, the replacement of argon gas for nitrogen gas in our production line has provided significant cost efficiencies and environmental benefits, as it is a common energy source that can be generated internally.

Review of Operations

Environmental Remediation (79% of revenue)

The Environmental Remediation division is underpinned by our unique Grafysorber® technology, which is independently proven to be five times more effective than comparable technologies. It is a hybrid-graphene solution for treating pollutants, in particular water sludges and emulsions containing hydrocarbons, where it can absorb and recover more than 100 times its own weight of oil-based pollutants.

Although performance was dampened in the year, in part due to a focus on higher margin, higher value services, a series of important contract wins and renewals were secured. In addition, specific project delays and market uncertainties further impacted the division's performance. The contract signed in 2023 with Liberty Galați, Romania's leading integrated steel producer, has progressed more slowly than anticipated due to the customer's financial difficulties. The Romanian government has announced measures to support

Liberty Galați's stabilisation, and we are closely monitoring the situation to safeguard the successful continuation of the project. Furthermore, as previously notified, a major tender for a €44 million two-year contract for a significant remediation project was being sought by Setcar. This tender has not progressed in the manner the Board were continually led to expect. The contract has now been awarded to another party, under circumstances that are difficult to appropriately determine. Whilst this is very disappointing after all our considerable efforts and engagement, the outcome would appear to be in our best interests as a public company.

Nevertheless, a series of important contract wins and renewals during the period demonstrate the strong underlying demand for our solutions. The Group's environmental remediation activities are primarily carried out via Setcar which renewed its contract with FORD Otosan, a Romanian automotive business owned by Ford Motor company, for the fifth time in the period for a total contract value of €1.9m. Post-period end Setcar secured a further renewal for c. €1.1 million for the first half of the year to continue to deliver Total Waste Management services, including waste disposal, transportation, treatment, recycling, equipment, and personnel.

Post-period end, Setcar also signed an initial \$1.5m agreement with Midia International SA, to provide tank cleaning and waste disposal services as part of an offshore drilling campaign in the Black Sea, specifically the Trident EX30 block. The project will involve the use of Directa Plus's proprietary Grafysorber® technology to treat the contaminated water and is expected to commence in the second half of 2025.

The Group also resumed its activities with OMV Petrom for the decontamination of sludges using Grafysorber as the customer has identified a new area to decontaminate. In recent years we have treated c. 41,000 cubic meters of emulsions generated by OMV Petrom, recovering c. 10,000 tons of crude oil to be reinjected in their refineries, improving their overall operational efficiency. In April 2025 Setcar signed a €1.59 million contract extension agreement with OMV Petrom, for the use of Directa Plus's patented Grafysorber® technology to treat oil sludges, emulsions, and contaminated water. This contract extends the original framework agreement, which commenced in 2021 and has generated over €1.0 million in revenues to date, to 31 December 2026, ensuring the continuity of services without interruption.

With the restructuring of Setcar, we continue to look for ways to capture further opportunities by leveraging our proprietary environmental remediation technology and to capitalise on the significant market potential that we expect to materialise in the region.

Textiles (20% of revenue)

The European textile market was affected by weaker consumer spending in the current economic climate, which adversely impacted our Textile division resulting in a slowdown in revenues. In parallel, we have also experienced a temporary slowdown in sales to a major workwear client during the year that are now expected to rebuild in 2025. Nonetheless, we continue to experience strong demand for our technical product enhancements globally and see potential to deepen our presence in the luxury textile market and further develop opportunities in defence and workwear applications, for which our technology plays a key role. Whilst the European textile market remains challenging, there are signs of a potential recovery later in 2025, supported by a stabilisation in inflation and international markets. Additionally, the growing focus on sustainability and circular economy regulations presents opportunities for companies investing in innovation and responsible production. Against this backdrop, we remain committed to optimising our operations and leveraging market trends to strengthen our commercial position.

We work with major fashion brands and are seeing increasing interest for the thermal conductivity and antimicrobial properties of our G+ graphene in high technology electronic applications. In March 2024, we secured a contract with Heathcoat Fabrics in the UK, a manufacturer of advanced knitted and woven fabrics, which involves the integration of our G+ Planar Thermal Circuit technology into its portfolio to provide thermal dissipation. We continue to work with luxury brands across workwear and shoes in Europe and the US as well as defence wear in South America, with several open discussions taking place in North America and Turkey for our products.

Additional industry verticals (1% of revenue)

Whilst we see increasing opportunities across our verticals, the Group is focused on tangible opportunities that provide near-term value, which predominately arise in verticals such as asphalts and batteries.

GiPave, developed in conjunction with Iterchimica, has had success in the asphalts market. GiPave is a G+ graphene-based technology that provides significant improvements to road durability and a significantly reduced carbon footprint. In the period, GiPave was used in the Imola Circuit for the Emilia-Romagna Grand Prix in May 2024 as part of the Formula 1 World Championship, making it the first circuit to feature green, sustainable and high-tech asphalt utilising graphene and recycled plastics. GiPave was also chosen for an extensive resurfacing operation in Rome, ahead of the 2025 Jubilee.

We are currently collaborating with Nant G Power, a company owned by one of our cornerstone shareholders, which specialises in the research, development, and later manufacturing and sale of next-generation lithium-ion batteries. We are supporting Nant by providing G+ technology as a key component and sharing our expertise to help build coin cells and single-layer pouch cell prototypes for lab-scale material testing and product development, with a focus on the Italian and EU markets.

In parallel, we continue to invest in R&D to further adapt and refine our G+ technology for additional application areas such as elastomers, paints, cements and air filtration systems. Across these verticals, we have achieved promising validations at various levels and stages, confirming the effectiveness of our solutions. Our efforts are now focused on accelerating adoption by industrial partners and progressing towards broader market commercialisation.

Operational

At the Lomazzo plant, we have renewed our production team, which is currently working on a remodelling of the production line aimed at increasing productivity and ensuring greater operational flexibility at much lower direct production costs. In parallel, we have undertaken specific investments in the line, including the substitution of argon gas with nitrogen gas as the main energy source, which is expected to directly reduce production costs with additional benefits in terms of sustainability.

We are also strengthening our R&D team to better align with evolving market needs and to drive innovation both in the short term and across our medium- to long-term strategic verticals.

The new strategic focus at Setcar has resulted also in a reduction in headcount since the acquisition of full majority control in H1 2024. Management changes have been made to improve leadership and to bring better focus to support growth.

Intellectual Property

At the end of 2024, the Group's patent portfolio comprises 106 patents granted (December 2023: 86), with 33 pending (December 2023: 46), grouped into 22 patent families. The Group's patents cover our unique graphene production process and a wide range of applications, and our portfolio evidences Directa Plus' real strategic value. Since inception, we have fostered an aggressive IP strategy across different verticals to protect the production process and several of our applications. Our production process is modular and flexible, and we can easily and quickly produce G+ finished and semifinished products for different verticals. Our wide IP portfolio represents a strong barrier against competitors and a significant asset, ready to generate economic returns and position Directa Plus as a leading technology player in a fast-growing market.

Outlook

Whilst new wins in FY24 were slower than we had expected, the team has worked diligently to ensure that we have a solid strategy and the necessary foundation to take advantage of the significant opportunities that are ahead of us, driving value across our expanding network of partners and customers, and bringing the Group back to its expected growth path. In the near term, we are focused on continued reorganisation of Setcar which will allow us to capture new business opportunities and eliminate inefficiencies. We are also redesigning the layout of the Lomazzo plant to enhance production flexibility and to achieve further significant cost reductions.

The early momentum seen so far in FY25 is evidence of the success of this focus with new contract wins, that are further supported by a good pipeline of opportunities and scope for further operational efficiencies and cost reduction. The Board is confident in achieving results for FY25 in line with market expectations.

Giulio Cesareo

Chief Executive Officer

2 June 2025

Chief Financial Officer's statement

The key focus in 2024 has been on navigating a particularly challenging environment, while preserving the Group's financial stability and enhancing operational efficiency. Despite external headwinds, the finance team has remained committed to supporting strategic decision making, optimising resource allocation, and maintaining robust cost control.

In parallel, the Group continued to invest in line with its long-term strategic plan, with a disciplined approach aimed at balancing short-term resilience and long-term growth. The successful capital raise completed in June 2024 has been instrumental in enabling these efforts, strengthening both the operational and financial foundations of the Group, and positioning it to capitalise on emerging opportunities in its core markets.

Key Performance Indicators

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

- Product sales and service revenue at €6.66m (2023: €10.53m), impacted by temporary delays in key customer orders and contract awards in the Environmental Remediation and Textiles divisions
- Total income (including grants) at €6.83m (2023: €10.86m)
- Adjusted LBITDA* increased by 42% to €3.64m (2023: €2.56m), driven by lower revenues, offset in part by continued efforts to control costs and improve production efficiency
- Loss before tax increased by 25% to €5.37m (2023: €4.31m)
- Reported (basic) Loss per share stable at €0.06 (2023: €0.06)
- Cash and cash equivalents at year end of €4.98m (2023: €2.39m), significantly strengthened by the capital raise completed in June 2024

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

Financial review

2024 remained a challenging year, as the war in Ukraine and the Middle East, combined with persistently high interest rates, continued to weigh on global markets. These macroeconomic and geopolitical conditions temporarily impacted the Group's growth trajectory, financial results and stock performance.

The difficult environment particularly affected our two primary business areas: the European textiles market and the environmental remediation activities, both of which were directly exposed to the macroeconomic slowdown and geopolitical uncertainties. This led to a material reduction in revenue to €6.7 million, representing a 37% decrease versus 2023, mainly due to a temporary slowdown in orders from key customers and the strategic decision to focus on high margin high value business.

Despite this, the Group implemented several mitigating actions aimed at protecting margins and preserving liquidity. These included strict control over operating expenses, a continued reduction in direct production costs, and a focused prioritisation of contracts with higher profitability. These efforts helped partially offset the impact on the net loss for the year.

In June 2024, the Group raised gross proceeds of approximately £6.9 million through a placing and subscription involving the issuance of 38,361,106 new Ordinary Shares at a price of 18p each. The capital raised was used to acquire the remaining minority interest in Setcar, with the balance deployed to accelerate investments across both our primary and secondary verticals, to cover general working capital needs, and maintain momentum on medium to long-term opportunities.

The completion of the €1.5 million acquisition of an additional 49% stake in Setcar has taken to Group's total ownership to 99.95%. The acquisition was initially partially financed through a short-term €1 million loan from Nant Capital LLC, which was repaid out of the proceeds of the capital raise. Full majority control has enabled the Group to actively restructure Setcar in order to enhance its strategic alignment with the wider Group, accelerate the deployment of Grafysorber® in the region, and capitalise on the significant market opportunities emerging locally in environmental services and decontamination.

The new funds have enabled the Group to continue executing its strategic plan, with targeted commercial and R&D investments. These are carefully balanced to optimise short-term returns while preserving the Group's ability to capture high-value opportunities in the medium to long term, all while maintaining disciplined cash management. As of 31 December 2024, the Group held cash and equivalents of €4.98 million.

It should also be noted that, at the statutory level, the parent company (Directa Plus plc) recorded a non-cash impairment loss of €16.9 million on its investment in Directa Plus S.p.A., following a decrease in the Group's market capitalisation. This adjustment, which has no impact on the consolidated financial statements, reflects a prudent application of accounting standards in the individual entity's accounts.

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

Alternative performance measures

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

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

| € million | 2024 | 2023 |
|---|---------------|---------------|
| Result from operating activities | (5.42) | (4.18) |
| (+) Depreciation and amortisation | 1.26 | 1.27 |
| LBITDA | (4.16) | (2.91) |
| (+) One-off expenses | 0.13 | 0.00 |
| (+) One-off provision | 0.02 | 0.28 |

| | | |
|-----------------------------------|---------------|---------------|
| (+) Inventory write-off | 0.36 | 0.17 |
| (+) Lawsuit expenses | 0.05 | 0.05 |
| (+/-) Onerous contracts provision | (0.04) | (0.15) |
| Adjusted LBITDA | (3.64) | (2.56) |

Adjustments refer to:

- a one-off expense of €0.13 million in 2024, relating to engineering development costs incurred by Setcar for the acquisition of specialised equipment intended for the Liberty Galați project. In light of Liberty's financial difficulties, Setcar decided to place the investment on hold. The costs have been treated as a non-recurring item, with the potential to be leveraged as an intangible asset should the project activities resume;
- a €0.02 million tax risk provision in Romania in 2024 and a bad debt provision in 2023 of €0.28 million referred to unpaid receivables in respect of contracts carried out in 2021 and 2022;
- an inventory write-off of €0.36 million in 2024 and €0.17 million in 2023. The 2024 amount reflects the adoption of a new, more conservative internal provisioning policy for inventory, introduced following the revenue decline experienced during the year. In response to this downturn, management opted for a stricter and more structured approach, applying progressive write-down percentages based on stock ageing, lack of movement, and absence of recent sales;
- legal costs of €0.05 million in 2024 and €0.05 million in 2024 mainly linked to the protection of Directa Plus' IP portfolio;
- a provision release of €0.04 million (2023: €0.15 million). A €0.19 million provision was made in 2022 for the total expected loss on the conclusion of the two onerous long-term contracts where recovery was deemed uncertain under IFRS15. The provision was reversed out in 2023 and 2024 on the conclusion of the contracts.

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

Giorgio Bonfanti

Chief Financial Officer

2 June 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| <i>In Euro</i> | Note | 31-Dec-24 | 31-Dec-23 |
|--|-------|--------------------|--------------------|
| Continuing operations | | | |
| Revenue | 3 | 6,661,117 | 10,530,395 |
| Other income | 3 | 165,062 | 332,963 |
| Changes in inventories of finished goods and work in progress | | (41,531) | (247,961) |
| Inventory write-off | 5 | (343,946) | - |
| Raw materials and consumables used | 6 | (2,727,179) | (5,350,490) |
| Employee benefits expenses | 7 | (4,464,507) | (4,444,577) |
| Depreciation and amortisation | 11/12 | (1,186,301) | (1,270,193) |
| Impairment of intangible assets | 11 | (69,444) | - |
| Other expenses | 8 | (3,409,765) | (3,734,813) |
| Results (used in) operating activities | | (5,416,494) | (4,184,676) |
| Finance income | 9 | 204,767 | 72,270 |
| Finance expenses | 9 | (162,391) | (194,660) |
| Net finance costs | | 42,376 | (122,390) |
| Loss before tax | | (5,374,118) | (4,307,066) |
| Tax income | 10 | - | 31,718 |
| Loss after tax from continuing operations | | (5,374,118) | (4,275,348) |
| Loss of the year | | (5,374,118) | (4,275,348) |
| Other Comprehensive expense items that will not be reclassified to profit or loss | | | |
| Defined Benefit Plan re-measurement gains and losses | 20 | 18,154 | (10,769) |
| Other comprehensive expense/income for the year (no tax impact) | | 18,154 | (10,769) |
| Total comprehensive expense for the year | | (5,355,964) | (4,286,117) |
| Loss attributable to | | | |
| Owner of the Parent | | (5,140,237) | (3,856,103) |
| Non-controlling interests | | (233,881) | (419,245) |
| | | (5,374,118) | (4,275,348) |
| Total comprehensive expense attributable to: | | | |
| Owners of the Company | | (5,122,083) | (3,866,872) |
| Non-controlling interests | | (233,881) | (419,245) |
| | | (5,355,964) | (4,286,117) |
| Loss per share | | | |
| Basic loss per share | 24 | (0.06) | (0.06) |
| Diluted loss per share | 24 | (0.06) | (0.06) |

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

| <i>In Euro</i> | Note | Group | | Company | |
|---|------|-------------------|-------------------|------------------|-------------------|
| | | 31-Dec-24 | 31-Dec-23 | 31-Dec-24 | 31-Dec-23 |
| Assets | | | | | |
| Intangible assets | 11 | 1,169,681 | 1,436,684 | - | - |
| Investments | 13 | - | - | 5,331,814 | 18,622,777 |
| Property, plant and equipment | 12 | 2,962,133 | 3,290,809 | - | - |
| Other receivables | 14 | 3,998 | 162,923 | - | - |
| Non-current assets | | 4,135,812 | 4,890,416 | 5,331,814 | 18,622,777 |
| Inventories | 5 | 686,023 | 881,450 | - | - |
| Trade and other receivables | 14 | 1,936,194 | 4,396,748 | 98,641 | 96,265 |
| Cash and cash equivalent | 16 | 4,981,138 | 2,393,303 | 4,128,402 | 1,024,286 |
| Current assets | | 7,603,355 | 7,671,501 | 4,227,043 | 1,120,551 |
| Total assets | | 11,739,167 | 12,561,917 | 9,558,857 | 19,743,328 |
| Equity | | | | | |
| Share capital | 17 | 318,617 | 205,469 | 318,617 | 205,469 |
| Share premium | 17 | 46,569,021 | 39,181,789 | 46,569,021 | 39,181,789 |
| Foreign Currency Translation Reserve | 17 | (80,356) | (44,902) | - | - |
| Accumulated losses | 17 | (39,730,204) | (33,882,143) | (37,504,853) | (19,770,339) |
| Equity attributable to owners of Group | | 7,077,078 | 5,460,213 | 9,382,785 | 19,616,919 |
| Non-controlling interests | 17 | 73,531 | 1,121,911 | - | - |
| Total equity | | 7,150,609 | 6,582,124 | 9,382,785 | 19,616,919 |
| Liabilities | | | | | |
| Loans and borrowings | 18 | 853,165 | 1,528,108 | - | - |
| Lease liabilities | 19 | 448,195 | 183,056 | - | - |
| Employee benefits provision | 20 | 207,633 | 357,520 | - | - |
| Other payables | 21 | - | 64,014 | - | - |
| Non-current liabilities | | 1,508,993 | 2,132,698 | - | - |
| Loans and borrowings | 18 | 852,253 | 742,904 | - | - |
| Lease liabilities | 19 | 175,941 | 206,509 | - | - |
| Trade and other payables | 21 | 2,031,066 | 2,856,835 | 176,072 | 126,409 |
| Provision | 22 | 20,305 | 40,847 | - | - |
| Current liabilities | | 3,079,565 | 3,847,095 | 176,072 | 126,409 |
| Total liabilities | | 4,588,558 | 5,979,793 | 176,072 | 126,409 |
| Total equity and liabilities | | 11,739,167 | 12,561,917 | 9,558,857 | 19,743,328 |

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 €17,665,515 (2023: €14,509,549). The loss in 2024 was mainly attributable to the impairment loss on the investment held by Directa Plus plc in Directa Plus S.p.A. for a total amount of €16.9 million. An impairment trigger was identified following a decrease in the market capitalisation of the Group over the last 12 months.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| <i>In Euro</i> | Share Capital | Share premium | Foreign currency translation reserve | Accumulated deficit | Total | Non-controlling interests | Total equity |
|--|------------------|-------------------|---|------------------------|--------------------|------------------------------|--------------------|
| Balance at 31 December 2022 | 205,469 | 39,181,789 | (39,161) | (30,069,843) | 9,278,254 | 1,546,887 | 10,825,141 |
| <i>Total comprehensive expense for the year</i> | | | | | | | |
| Loss of the year | - | - | - | (3,856,103) | (3,856,103) | (419,245) | (4,275,348) |
| Total other comprehensive expense | - | - | - | (10,769) | (10,769) | - | (10,769) |
| Total comprehensive expense for the period | - | - | - | (3,866,872) | (3,866,872) | (419,245) | (4,286,117) |
| Translation reserve | - | - | (5,741) | - | (5,741) | (5,731) | (11,472) |
| Share-based payment | - | - | - | 54,573 | 54,573 | - | 54,573 |
| Balance at 31 December 2023 | 205,469 | 39,181,789 | (44,902) | (33,882,143) | 5,460,213 | 1,121,911 | 6,582,124 |
| <i>Total comprehensive expense for the year</i> | | | | | | | |
| Loss of the year | - | - | - | (5,140,237) | (5,140,237) | (233,881) | (5,374,118) |
| Total other comprehensive income | - | - | - | 18,154 | 18,154 | - | 18,154 |
| Total comprehensive expense for the period | - | - | - | (5,122,083) | (5,122,083) | (233,881) | (5,355,964) |
| Capital raised | 113,148 | 8,033,534 | - | - | 8,146,682 | - | 8,146,682 |
| Expenditure related to the issuance of shares | - | (646,302) | - | - | (646,302) | - | (646,302) |
| Acquisition of 48,95% Setcar | - | - | - | (649,237) | (649,237) | (814,499) | (1,463,736) |
| Translation reserve | - | - | (35,454) | - | (35,454) | - | (35,454) |
| Share-based payment | - | - | - | (76,741) | (76,741) | - | (76,741) |
| Balance at 31 December 2024 | 318,617 | 46,569,021 | (80,356) | (39,730,204) | 7,077,078 | 73,531 | 7,150,609 |

COMPANY STATEMENT OF CHANGES IN EQUITY

| <i>In Euro</i> | Share capital | Share premium | Accumulated deficit | Total equity |
|--|------------------|-------------------|------------------------|---------------------|
| Balance at 31 December 2022 | 205,469 | 39,181,789 | (5,346,322) | 34,040,936 |
| Loss for the year | - | - | (14,509,549) | (14,509,549) |
| Share-based payment | - | - | 85,532 | 85,532 |
| Balance at 31 December 2023 | 205,469 | 39,181,789 | (19,770,339) | 19,616,919 |
| Loss for the year | - | - | (17,665,515) | (17,665,515) |
| Capital raised | 113,148 | 8,033,534 | - | 8,146,682 |
| Cost directly attributable to the issuance of shares | - | (646,302) | - | (646,302) |
| Share-based payment | - | - | (68,999) | (68,999) |
| Balance at 31 December 2024 | 318,617 | 46,569,021 | (37,505,853) | 9,382,785 |

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

| <i>In Euro</i> | No te | Group | | Company | |
|--|----------|--------------------|--------------------|--------------------|--------------------|
| | | 2024 | 2023 | 2024 | 2023 |
| Cash flows from operating activities | | | | | |
| Loss for the year before tax | | (5,374,118) | (4,307,066) | (17,665,515) | (14,509,549) |
| <i>Adjustments for:</i> | | | | | |
| Depreciation | 12 | 741,264 | 817,611 | - | - |
| Amortisation of intangible assets | 11 | 445,037 | 452,582 | - | - |
| Impairment on intangible assets | 11 | 69,444 | - | - | - |
| Impairment on assets under construction | 11 | 134,121 | - | - | - |
| Disposal loss on tangible and intangible assets | | 4,326 | 24,014 | - | - |
| Share-based payment expense | 7 | (76,741) | 54,573 | (68,999) | 85,532 |
| Finance income | 9 | (204,767) | (72,270) | (115,751) | (39,214) |
| Finance expense | | 156,322 | 175,350 | 22,340 | 3,018 |
| Interest of lease liabilities | 9 | 6,069 | 19,310 | - | - |
| Impairment on inventory | | 343,946 | - | - | - |
| Impairment of investments | 13 | - | - | 16,875,963 | 13,602,359 |
| | | (3,755,097) | (2,835,896) | (951,962) | (857,854) |
| <i>Decrease/(Increase) in:</i> | | | | | |
| - inventories | | (148,518) | 240,461 | - | - |
| - trade and other receivables | 14 | 2,619,479 | (374,105) | (2,376) | 18,619 |
| - trade and other payables | | (832,069) | 712,208 | 49,663 | 4,136 |
| - provisions and employee benefits | | (208,610) | (224,170) | - | - |
| - Other provision | 22 | (20,542) | (150,150) | - | - |
| Net cash used in operating activities | | (2,345,357) | (2,631,652) | (904,675) | (835,099) |
| Cash flows from investing activities | | | | | |
| Interest received | 9 | 87,732 | 46,108 | - | - |
| Investment in intangible assets | | (247,451) | (213,538) | - | - |
| Acquisition / investment in subsidiary | 13 | (1,500,326) | - | (3,585,000) | (1,964,800) |
| Acquisition of property, plant and equipment | | (100,547) | (271,281) | - | - |
| Net cash used in investing activities | | (1,760,592) | (438,711) | (3,585,000) | (1,964,800) |
| Cash flows from financing activities | | | | | |
| Proceeds from capital raise net of issuance costs | 17 | 7,500,380 | - | 7,500,380 | - |
| Interest on loan and other financial costs | 9 | (143,459) | (159,225) | (22,340) | (3,018) |
| New borrowings | 18 | 1,172,896 | 945,278 | 1,000,000 | - |
| Repayment of borrowings | 18 | (1,738,490) | (820,084) | (1,000,000) | - |
| Repayment of lease liabilities | | (215,714) | (244,762) | - | - |
| New lease liabilities | | - | - | - | - |
| Net cash from/(used in) financing activities | | 6,575,613 | (278,793) | 7,478,040 | (3,018) |
| Net increase/(decrease) in cash and cash equivalent | | 2,469,664 | (3,349,156) | 2,988,365 | (2,802,917) |
| Cash and cash equivalent at beginning of the year | | 2,393,303 | 5,727,768 | 1,024,286 | 3,787,989 |
| Exchange gains on cash and cash equivalents | | 118,171 | 14,691 | 115,751 | 39,214 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Basis of preparation

a) Statement of compliance

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

I. Going Concern

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

The conflicts in Ukraine and the Middle East, high inflation, increased tariffs in international trade policies, and increased interest rates by Central Banks have been an additional cause of uncertainty over the macro-economic outlook, affecting both the political and business environments. These events have had a significant impact on global economies and markets, and on the operations and operational funding of companies experiencing widespread inflationary cost pressures and supply chain disruption. In particular, certain sectors such as textiles and environmental services have been directly affected — the former by increased raw material and energy costs, and the latter by rising operational expenses and delays in public and private sector contracting — adding further pressure on businesses operating in these industries.

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

On 11 June 2024, the Group announced the launch of a fundraise of £6.9 million, by way of a placing and subscription, to fund the acquisition of the minority interests of its subsidiary, Setcar SA, and to sustain the expected high growth of the business. The capital raise was effective after the shareholders’ approval at a General Meeting held on 27 June 2024. As at 31 December 2024, the Group held cash and cash equivalents of €4.98 million (31 December 2023: €2.39 million) and is currently funded through €7.15 million of shareholder equity and €1.71 million of loans and bank debt, most of which are repayable over two years. As at 30 April 2025, the Group held €3.6m of gross cash.

The Directors prepared a cash flow forecast for the Group and the Parent Company for the period to December 2026, to assess if there is sufficient liquidity in place to support the plan and strategy for the future development of the Group. This forecast showed that the Group and the Parent Company will have sufficient financial headroom for the entire forecast period if reasonably plausible downside scenarios do not occur.

In addition, the Directors, in formulating the plan and strategy for the future development of the business, considered reasonably plausible downside scenarios including reductions in forecast revenues and gross margin and no renewal of any financial facilities. Under those stressed scenarios the Group could exhaust its cash resources before December 2026 and may therefore be required to raise additional funding which is not guaranteed.

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

Based on the analysis above, the Directors have a reasonable expectation that, in the event of the reasonable plausible downside scenario occurring, the Group and the Company will be able to raise additional funding to facilitate the adequate resources to support their activities for the foreseeable future. The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements. The financial statements have therefore been prepared on the going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

b) Basis of consolidation

I. Subsidiaries

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

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

II. Transactions eliminated on consolidation

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

III. Non-controlling interest

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

c) Functional and presentation currency

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

d) Use of estimates and judgements

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

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

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

Estimates

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

I. Valuation of share based payments

The estimation related to share-based payment expenses includes the selection of an appropriate valuation option pricing model, consideration as to the inputs necessary for the valuation model chosen, and the estimation of the number of awards that will ultimately vest. Inputs subject to estimation relate to the future volatility of the share price which has been estimated based on the historical observed volatility from trading in the Company's shares, over a historical period of time between the date of the grant and the date of exercise. Management has used a Monte-Carlo model to calculate the fair value of the awards which include market based performance conditions. Further disclosure of inputs relevant to the calculations is set out in note 25 to the financial statements.

II. Carrying value of goodwill, other intangible assets and PPE

The carrying value of goodwill, intangible assets and property, plant and equipment is tested annually for impairment in accordance with IAS 36. Management has assessed the recoverable amount of the relevant cash-generating units (CGUs) using a combination of value in use (VIU) calculations and qualitative indicators for CGUs in which the Group continues to invest and sees long-term commercial potential.

The VIU method involves estimating future cash flows derived from approved business plans and discounting them using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to each CGU. In addition, market multiples derived from comparable companies are considered as a cross-check to validate the results obtained through the VIU approach.

For CGUs still in development, management considered recent investments, ongoing commercial discussions, and forecasts of future expected cash flows.

As a secondary cross-check, management also considered both the Group's market capitalisation and market valuation multiples of comparable companies, which provided additional comfort on the reasonableness of the value in use calculations.

Given that the Group is still in a development phase for certain products and technologies, the projections used in the impairment assessment are inherently subject to a higher degree of estimation uncertainty.

Details of the assumptions used and the results of the impairment tests are provided 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 over required provision for slow moving inventory including consideration of normal production capacity, market demand and selling opportunities. If actual demand or usage were to be lower than estimated, additional inventory provisions for excess or obsolete inventory may be required.

In response to the decline in revenue and lower inventory turnover during FY2024, the Group adopted a revised inventory provisioning policy. The new methodology introduces standardised provision rates based on inventory ageing, and expected future sales of finished goods and consumption of raw materials.

IV. Investments

Judgement is required over the recoverability of any amounts invested into subsidiary companies, Management considers the Group's market capitalisation at the end of the reporting period as a potential indicator of impairment. The carrying value is determined by reference to value in use calculations. 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. Expected credit losses on receivables

Revenue from product and service sales is recognised at a point in time, in line with IFRS 15. As part of the revenue recognition process, management performs an assessment of the recoverability of trade receivables at each reporting date.

This assessment involves estimating the expected credit losses (ECL) on receivables, considering factors such as the customer's financial condition, historical payment behaviour, ageing of balances, and forward-looking information about economic and sector-specific conditions. Where necessary, specific provisions are recognised for credit-impaired receivables.

Further detail on trade receivables and associated credit risk is disclosed in Note 14 to the financial statements.

2. Material accounting policy information

a) Functional currency

The financial statements of each Group company are measured using the currency of the primary economic environment in which that company operates (the functional currency). The consolidated financial

statements record the results and financial position of each Group company in Euro, which is the functional currency of the Company and the presentational currency for the consolidated financial statements.

I. Transaction and balances

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

b) Financial instruments

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

I. Trade and other receivables and amount due from subsidiaries

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

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

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

II. Cash and cash equivalents

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

III. Trade and other payables

Trade payables are stated at their amortised cost.

IV. Financial liabilities and equity

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

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

V. Leases

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

c) Share capital

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

d) Property, plant and equipment

I. Recognition and measurement

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

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

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

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

II. Subsequent costs

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

III. Depreciation

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

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

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

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

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

e) Intangible assets

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

Patent rights acquired and development expenditure are recognised at cost.

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

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

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

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

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

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

I. Amortisation

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

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

- Development costs concerning personnel capitalized: 5 years
- Others: 5 years

f) Inventories

Inventories are stated at the lower of cost or net realisable value. The cost of inventories comprises of net prices paid for materials purchased, production labour cost and factory overhead. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Inventory provisions are recognised for slow-moving, obsolete or unsalable inventory and are reviewed on a six-month basis.

g) Goodwill

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

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

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

h) Impairment

Impairment tests on goodwill, other intangible assets, and property, plant and equipment 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.

k) Government grants

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

l) Finance income and finance costs

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

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

m) Investments in subsidiaries (Company only)

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

n) Taxation

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

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

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

Deferred tax is not recognised for:

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

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

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

Changes in accounting standards

a) New standards, interpretations and amendments effective from January 2024

- **Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7**
The amendments introduce specific disclosure requirements related to supplier finance arrangements (sometimes known as reverse factoring or supply chain finance), including the terms and magnitude of such arrangements. These amendments are intended to improve transparency around the effects of these arrangements on an entity's liabilities and cash flows. These amendments did not have a material impact on the Group's consolidated financial statements.
- **Lease Liability in a Sale and Leaseback – Amendments to IFRS 16**
The amendments clarify the measurement of lease liabilities arising in sale and leaseback transactions, ensuring the seller-lessee does not recognise any gain or loss related to the retained right of use.
The amendments had no effect on the Group's consolidated financial statements.

Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants – Amendments to IAS 1

The amendments clarify how to assess the classification of liabilities, including cases where the right to defer settlement is subject to compliance with future covenants. Additional disclosure is required about the risk of liabilities becoming repayable within twelve months after the reporting period. These amendments did not affect the classification of the Group's liabilities, as the Group's long-term borrowings are not contingent on future covenant compliance within twelve months of year-end.

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

b) New standards, interpretations and amendments not yet effective

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

Effective from 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates): Provides guidance on how to determine the exchange rate when a currency is not exchangeable.

Effective from 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

Effective from 1 January 2027:

- IFRS 18 – Presentation and Disclosure in Financial Statements: This new standard will replace IAS 1 and introduce significant changes to the presentation of financial statements, including new subtotals and management-defined performance measures.
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures: Provides disclosure simplifications for qualifying subsidiaries.

The Group is currently evaluating the potential impact of these new standards and amendments. IFRS 18 is expected to significantly affect the presentation and disclosure of items in the financial statements, although it will not impact recognition or measurement. The Group does not expect IFRS 19 to be applicable.

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 and CFO), 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:

- Textiles
- Environmental Remediation
- Others

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

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

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

2024

| <i>In euro</i> | Textiles | Environmental Remediation | Others | Head Office | Consolidated |
|---------------------|-----------------|----------------------------------|---------------|--------------------|---------------------|
| Revenue | 1,315,254 | 5,306,229 | 39,634 | - | 6,661,117 |
| Cost of Sales* | (811,523) | (2,381,906) | (31,826) | - | (3,225,255) |
| Inventory write-off | (343,946) | - | - | - | (343,946) |
| Gross Profit | 159,785 | 2,924,323 | 7,808 | - | 3,091,916 |

| | | | | | |
|--------------|--------|--------|---|--------|---------|
| Other income | 95,011 | 13,635 | - | 56,416 | 165,062 |
|--------------|--------|--------|---|--------|---------|

Other expenses:

| | | | | | |
|----------------------------------|------------------|--------------------|------------------|--------------------|--------------------|
| R&D expenses | (11,068) | (7,644) | (4,700) | - | (23,412) |
| Advisory | (90,712) | (450,366) | - | (1,091,226) | (1,632,304) |
| Operating expenses | (183,546) | (3,246,544) | (32,840) | (2,299,081) | (5,762,011) |
| D&A | (112,858) | (557,507) | (45,563) | (470,400) | (1,186,328) |
| Impairment of intangibles | - | - | (62,085) | (7,332) | (69,417) |
| Operating Profit/(Loss) | (143,388) | (1,324,103) | (137,380) | (3,811,623) | (5,416,494) |
| Net financial costs | - | - | - | 42,376 | 42,376 |
| Tax | - | - | - | - | - |
| Profit/(Loss) of the year | (143,388) | (1,324,103) | (137,380) | (3,769,247) | (5,374,118) |

| | | | | | |
|---------------------|------------------|------------------|----------------|----------|-------------------|
| Total assets | 2,751,846 | 8,440,030 | 547,291 | - | 11,739,167 |
|---------------------|------------------|------------------|----------------|----------|-------------------|

| | | | | | |
|--------------------------|------------------|------------------|---------------|----------|------------------|
| Total liabilities | 1,923,726 | 2,586,226 | 78,606 | - | 4,588,558 |
|--------------------------|------------------|------------------|---------------|----------|------------------|

**Includes Changes in inventories of finished goods.*

2023

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

**Includes Changes in inventories of finished goods.*

| | 2024 | 2023 |
|---------------------|------------------|-------------------|
| | € | € |
| Sale of products | 1,390,935 | 3,323,174 |
| Sale of services | 5,270,182 | 7,207,221 |
| Government grants | 95,000 | 160,015 |
| Other | 70,062 | 172,948 |
| Total income | 6,826,179 | 10,863,358 |

Geographical breakdown of revenues is:

| | 2024 | 2023 |
|-------------------|------------------|-------------------|
| | € | € |
| Italy | 1,148,627 | 3,031,727 |
| Romania | 5,275,440 | 7,211,161 |
| Rest of the world | 237,050 | 287,507 |
| Total | 6,661,117 | 10,530,395 |

In 2024 the two main customers accounted for more than 41% of Group revenues for sales of products and services. This largest customer accounted for 30% of revenues (€2,015,184) and the second for 11% (€731,401).

Other Income of €165,062 mainly include Government Grants for €95,000 and R&D Expenditure Credit (RDEC) for €23,060. 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:

| | 2024 | 2023 |
|------------------|---------------|----------------|
| | € | € |
| Filiere | - | 112,515 |
| Ricerca e Innova | 95,000 | 47,500 |
| Total | 95,000 | 160,015 |

In July 2023, the Company was awarded a project tender from the Italian Region of Lombardy as part of its *Ricerca & Innova* programme to further develop Graphene Plus (G+) air filtration applications. The 18-month project ended in December 2024. This award will enable Directa Plus to continue investing and developing its air filter applications, leveraging the antiviral and antimicrobial properties of its G+ technologies.

The key terms of government grants are:

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

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

5. Inventory

| | 2024 | 2023 |
|-------------------------------------|------------------|----------------|
| | € | € |
| Finished and semi-finished products | 578,915 | 627,078 |
| Raw material | 342,172 | 144,880 |
| Spare parts | 109,492 | 109,492 |
| <i>Write-off of inventory</i> | <i>(344,556)</i> | - |
| Total | 686,023 | 881,450 |

In 2024, management revised its inventory provisioning policy in response to the decline in revenue, reduced inventory turnover, and an increased risk of obsolescence among aging stock.

The new policy reflects a more prudent, structured, and evidence-based approach, aiming to ensure that inventory is valued accurately and transparently in line with current market realities.

This resulted in a total provision of €344,556, related to items that were assessed as having limited recoverability under current commercial assumptions.

6. Raw materials and consumables used

| | 2024 | 2023 |
|-----------------------------|------------------|------------------|
| | € | € |
| Raw materials & consumables | 2,138,295 | 3,898,083 |
| Textile products | 588,884 | 1,452,407 |
| Total | 2,727,179 | 5,350,490 |

Costs related to raw materials, consumables and textile products decreased primarily due to the decline in sales and the impact of the revenue mix.

7. Employee benefits expenses

| | 2024 | 2023 |
|--|------------------|------------------|
| | € | € |
| Wages and salaries | 3,928,616 | 3,797,869 |
| Social security costs | 391,314 | 456,405 |
| Employee benefits | 77,385 | 98,062 |
| Share option (income)/expense | (76,741) | 54,573 |
| Other costs | 239,894 | 141,536 |
| Total | 4,560,468 | 4,548,445 |
| Capitalised cost in "Intangible assets" | (95,961) | (103,868) |
| Total charged to the Income Statement | 4,464,507 | 4,444,577 |

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

| | 2024 | 2023 |
|---------------------------------|-------------|-------------|
| Sales and Administration | 27 | 30 |
| Engineering, R&D and production | 153 | 157 |
| Total | 180 | 187 |

The total average number of employees of the Group as at 31 December 2024 was 180 (2023: 187), of which 152 were employed by Setcar at year end (2023: 162).

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

| | 2024 | 2023 |
|--|----------------|----------------|
| | € | € |
| Wages and salaries (including bonus and pension) | 709,096 | 680,435 |
| Social security costs | 63,651 | 58,460 |
| Total | 772,747 | 738,895 |

The aggregate emoluments (wages, salaries and social contributions) of the highest paid Director totalled €401k (2023: €393k).

Personnel costs benefited from a net positive impact of €76,741, resulting from a reversal of share-based payment expenses amounting to €93,943, partially offset by new charges of €17,202.

8. Other expenses:

| | 2024 | 2023 |
|--|------------------|------------------|
| | € | € |
| Audit of the Group and Company financial statements | 145,680 | 120,485 |
| Audit of the subsidiaries' financial statements | 47,840 | 45,504 |
| Other non-audit services provided by Group's auditor | 6,746 | 5,709 |
| Tool manufacturing | 89,133 | 281,182 |
| Analyses & tests | 21,572 | 101,180 |
| Travel & Marketing | 289,821 | 248,339 |
| Technical consultancies | 277,663 | 231,552 |
| Shipping and logistic expenses | 293,228 | 358,793 |
| Insurance | 170,484 | 189,551 |
| IP expenses | 51,719 | 44,087 |
| Sales & business development | 482,534 | 444,436 |
| G&A | 453,976 | 680,537 |
| Rent | 149,201 | 134,031 |
| Maintenance | 103,516 | 96,362 |
| Utilities | 41,590 | 48,748 |
| Legal, tax and administrative consultancies | 785,062 | 704,317 |
| Total other expenses | 3,409,765 | 3,734,813 |

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

9. Net Finance expenses

Finance expenses include:

| | 2024 | 2023 |
|---|-----------------|----------------|
| | € | € |
| Interest Income | (87,732) | (46,108) |
| Interest on loans and other financial costs | 143,459 | 159,225 |
| Interest on lease liabilities | 6,069 | 19,310 |
| Interest cost for benefit plan | 12,863 | 16,125 |
| Foreign exchanges (gains) | (117,035) | (26,162) |
| Total | (42,376) | 122,390 |

The Group benefited from positive interest income of €87,732, driven by sustained high market interest rates and a higher average balance of interest-bearing cash held during the year.

In addition, the Group recorded foreign exchange gains of €117,035 (2023: €26,162), further contributing to the improvement in financial income.

10. Taxation

| | 2024 | 2023 |
|-------------------------|-------------|---------------|
| | € | € |
| Current tax expense | - | (1,384) |
| Deferred tax recovery | - | 33,102 |
| Total Tax income | - | 31,718 |

Reconciliation of tax rate

| | 2024 | 2023 |
|--|-------------|---------------|
| | € | € |
| Loss before tax | (5,374,118) | (4,307,066) |
| Italian statutory tax rate | 24% | 24% |
| | (1,289,788) | (1,033,696) |
| Impact of temporary differences | 12,452 | 42,633 |
| Losses recognised | (12,452) | (10,915) |
| Impact of tax rate in foreign jurisdiction | (47,898) | (44,936) |
| Losses not utilised | 1,337,687 | 1,078,632 |
| Total Tax income | - | 31,718 |

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

11. Intangible assets

| Cost | Development | Patents | Goodwill | Other | Brands | Total |
|------|-------------|---------|----------|-------|--------|-------|
|------|-------------|---------|----------|-------|--------|-------|

| | cost | | | | | |
|----------------------------------|------------------|------------------|----------------|----------------|----------------|------------------|
| | € | € | € | € | € | € |
| Balance at 31/12/2022 | 3,410,311 | 992,787 | 293,995 | 290,982 | 371,073 | 5,359,148 |
| Additions | 103,868 | 120,769 | - | 1,813 | - | 226,450 |
| <i>Currency translation diff</i> | (62) | - | (1,486) | (1,022) | (2,029) | (4,599) |
| Balance at 31/12/2023 | 3,514,117 | 1,113,556 | 292,509 | 291,773 | 369,044 | 5,580,999 |
| Additions | 95,961 | 151,490 | - | - | - | 247,451 |
| <i>Currency translation diff</i> | - | - | 27 | 18 | 37 | 82 |
| Balance at 31/12/2024 | 3,610,078 | 1,265,046 | 292,536 | 291,791 | 369,081 | 5,828,532 |

Amortisation

| | | | | | | |
|-----------------------------------|------------------|----------------|----------|----------------|----------------|------------------|
| Balance at 31/12/2022 | 2,850,290 | 517,095 | - | 98,281 | 228,816 | 3,694,482 |
| Amortisation 2023 | 259,029 | 107,185 | - | 12,138 | 74,230 | 452,582 |
| <i>Currency translation diff.</i> | (62) | - | - | (1,015) | (1,672) | (2,749) |
| Balance at 31/12/2023 | 3,109,257 | 624,280 | - | 109,404 | 301,374 | 4,144,315 |
| Amortisation 2024 | 253,854 | 118,066 | - | 5,459 | 67,658 | 445,037 |
| Impairment | - | 69,444 | - | - | - | 69,444 |
| <i>Currency translation diff.</i> | - | - | - | 6 | 49 | 55 |
| Balance at 31/12/2024 | 3,363,111 | 811,790 | - | 114,869 | 369,081 | 4,658,851 |

Carrying amount

| | | | | | | |
|------------------------------|---------|---------|---------|---------|---------|-----------|
| Balance at 31/12/2022 | 560,021 | 475,692 | 293,995 | 192,701 | 142,257 | 1,664,666 |
| Balance at 31/12/2023 | 404,860 | 489,276 | 292,509 | 182,369 | 67,670 | 1,436,684 |
| Balance at 31/12/2024 | 246,967 | 453,256 | 292,536 | 176,922 | - | 1,169,681 |

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

Management carried out an impairment test on the goodwill arising from the acquisition of Setcar S.A. in 2019. The cash-generating unit (CGU) identified for the purposes of this assessment is Setcar S.A. itself, with a carrying amount of €2.3 million as at 31 December 2024.

The recoverable amount was determined using the value in use method, based on projected cash flows and a terminal value, discounted using a pre-tax rate that reflects market conditions and the risk profile of the CGU. Given the evolving nature of Setcar's operations, as the Group is still developing its products, the impairment test is subject to a high degree of estimation uncertainty.

As an additional cross-check, management also considered indicative valuation ranges derived from comparable company market multiples which provided further comfort on the reasonableness of the value in use assessment.

Separately, the Group also performed an impairment review of its intangible asset portfolio in accordance with IAS 36. For revenue-generating CGUs such as Textiles and Environmental, a value in use approach was applied. The projected cash flows supported the carrying values, and no impairment was recognised.

For CGUs still in early-stage development (such as Paints, Batteries and Outsole), management considered recent capitalised investments, ongoing commercial discussions with both prospective and existing

customers, and the strategic relevance of these verticals. Based on this qualitative and forward-looking assessment, no impairment was recognised for these CGUs either.

The Group wrote off certain intangible assets, resulting in a total impairment charge of €69,444. These write-downs were made due to the lack of sufficiently tangible evidence to support near-term revenue generation. The impairment review reflects the Group's transition towards a commercially driven phase, where investments are increasingly linked to monetisable applications. Management continues to monitor asset recoverability with prudence and discipline.

12. Property, plant and equipment

| Cost | Industrial Equipment € | Computer Equipment € | Office Equipment € | Plant & Machinery € | Land € | ROU Assets € | Under Const. € | Total € |
|------------------------|------------------------------|----------------------------|--------------------------|---------------------------|----------------|--------------------|----------------------|------------------|
| 31/12/2022 | 2,011,729 | 87,093 | 141,151 | 4,743,296 | 587,723 | 779,128 | 2,362 | 8,352,482 |
| Additions | 107,973 | 1,787 | 4,181 | 22,455 | - | - | 134,885 | 271,281 |
| Disposal | (64,123) | - | (1,964) | (91,897) | - | - | (2,362) | (160,346) |
| <i>FX trans. diff.</i> | (13,238) | - | (540) | (17,381) | (3,214) | - | (764) | (35,137) |
| 31/12/2023 | 2,042,341 | 88,880 | 142,828 | 4,656,473 | 584,509 | 779,128 | 134,121 | 8,428,280 |
| Additions | 45,895 | 10,741 | 7,685 | 36,226 | - | 450,285 | - | 550,832 |
| Impairment | - | - | - | - | - | - | (134,121) | (134,121) |
| Disposal | (4,515) | - | - | (6,883) | - | - | - | (11,398) |
| <i>FX trans. diff.</i> | 246 | - | 15 | 318 | 59 | - | - | 638 |
| 31/12/2024 | 2,083,967 | 99,621 | 150,528 | 4,686,134 | 584,568 | 1,229,413 | - | 8,834,231 |

| Depreciation | € | € | € | € | € | € | € | € |
|------------------------|------------------|---------------|----------------|------------------|----------|----------------|----------|------------------|
| 31/12/2022 | 1,064,915 | 61,739 | 137,085 | 2,865,668 | - | 361,924 | - | 4,491,331 |
| Depreciation | 283,337 | 9,795 | 20,814 | 407,183 | - | 96,482 | - | 817,611 |
| Reclass | 31,842 | - | (31,842) | - | - | - | - | - |
| Disposal | (64,057) | - | (1,964) | (84,437) | - | - | - | (150,458) |
| <i>FX trans. diff.</i> | (8,942) | - | (451) | (11,620) | - | - | - | (21,013) |
| 31/12/2023 | 1,307,095 | 71,534 | 123,642 | 3,176,794 | - | 458,406 | - | 5,137,471 |
| Depreciation | 294,612 | 9,163 | 17,139 | 323,868 | - | 96,482 | - | 741,264 |
| Disposal | (188) | - | - | (6,883) | - | - | - | (7,071) |
| <i>FX trans. diff.</i> | 185 | - | 13 | 236 | - | - | - | 434 |
| 31/12/2024 | 1,601,704 | 80,697 | 140,794 | 3,494,015 | - | 554,888 | - | 5,872,098 |

Carrying amounts

| | | | | | | | | |
|-------------------|----------------|---------------|---------------|------------------|----------------|----------------|----------------|------------------|
| 31/12/2022 | 946,814 | 25,354 | 4,066 | 1,877,628 | 587,723 | 417,204 | 2,362 | 3,861,151 |
| 31/12/2023 | 735,246 | 17,346 | 19,186 | 1,479,679 | 584,509 | 320,722 | 134,121 | 3,290,809 |
| 31/12/2024 | 482,263 | 18,924 | 9,734 | 1,192,119 | 584,568 | 674,525 | - | 2,962,133 |

The balance of Assets Under Construction at 31 December 2023 corresponded to engineering development costs incurred by Setcar in connection with the Liberty Galați project. Due to the customer's financial difficulties and the temporary suspension of the project, these assets were fully impaired during 2024 and derecognised from the statement of financial position.

Asset held under financial leases with a net book value of €700,600 are included in the above table within Industrial equipment and ROU.

The replacement cost of all property, plant and equipment exceeds its carrying value. No liability for the restoration of land has been recorded because it is expected to be used in perpetuity.

13. Investments in subsidiaries

Details of the Company's subsidiaries as at 31 December 2024 are as follows:

| Subsidiaries | Country | Principal activity | Shareholding | |
|----------------------------------|---------|--|--------------|-------|
| | | | 2024 | 2023 |
| 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 | 99.95% | 51% |

In May 2024, Directa Plus S.p.A. acquired an additional 48.96% stake in Setcar S.A. from GVC Investment Company Ltd., increasing its shareholding from 50.99% to 99.95%. The total consideration for the acquisition amounted to €1.5 million.

The objective of the acquisition is to strengthen Directa Plus' control over the subsidiary and to maximize the value creation potential enabled by its Grafysorber® technology.

As Setcar was already fully consolidated in the Group's financial statements prior to the transaction, due to Directa Plus's existing majority control, the acquisition of the additional interest has not been capitalised. The consideration paid has been accounted for as an equity transaction, with the difference between the purchase price and the carrying amount of the non-controlling interest recognised directly in equity.

| 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 2022 | 30,260,336 |
| Additions | 1,964,800 |
| Impairment Loss | (13,602,359) |
| At 31 December 2023 | 18,622,777 |
| Additions | 3,585,000 |
| Impairment Loss | (16,875,963) |
| At 31 December 2024 | 5,331,814 |

The Company finances the activities of Directa Plus SpA through regular capital contributions. The increase compared to the previous year is mainly due to cash requirements related to the acquisition of the minority interests in Setcar.

During the year an impairment loss on the investment held by Directa Plus plc in Directa Plus S.p.A. for a total amount of €16.9 million was recognised following the identification of an impairment trigger. The impairment was deemed necessary due to the decline in the Group's market capitalisation over the past 12 months.

14. Trade and other receivables

| Current | Group | | Company | |
|---------------------|------------------|------------------|---------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | € | € | € | € |
| Account receivables | 1,227,797 | 3,645,064 | - | - |
| Tax receivables | 439,671 | 482,800 | 29,953 | 24,489 |
| Other receivables | 268,726 | 268,884 | 68,688 | 71,776 |
| Total | 1,936,194 | 4,396,748 | 98,641 | 96,265 |

| Non-current | Group | | Company | |
|-------------------|--------------|----------------|----------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| | € | € | € | € |
| Other receivables | 3,998 | 162,923 | - | - |
| Total | 3,998 | 162,923 | - | - |

Group account receivables of €1,227,797 are mainly composed by four major clients, covering 60% of the total amount.

Group Tax Receivables are composed of Italian VAT receivables of €244,035, UK VAT receivables of €29,953, Romanian VAT receivables of €62,334, RDEC Tax Credit receivables of €70,237 and other Italian Tax receivables of €11,670.

Other receivables are mainly composed of governments grants for €142,494 and prepayments for €49,399.

As at 31 December 2024 the ageing of account receivables was:

| Days overdue | 2024 | 2023 |
|--------------|-----------|-----------|
| | € | € |
| 0-60 | 1,152,987 | 3,477,705 |
| 61-180 | 66,192 | 146,505 |
| 181-365 | 8,618 | 20,854 |
| 365 + | - | - |

| | | |
|---|------------------|------------------|
| Total | 1,227,797 | 3,645,064 |
| Provision for expected credit losses (ECL) | 2024 | 2023 |
| | € | € |
| Opening balance | 460,894 | 15,181 |
| Net increase in provision | 63,906 | 445,713 |
| Closing balance | 524,800 | 460,894 |

The Group recognises a loss allowance for expected credit losses on trade receivables. As at 31 December 2024 the cumulative provision for expected credit losses amounted to €524,800 (2023: €460,894). The increase primarily reflects additional provisioning against overdue receivables of Setcar, where the counterparties are experiencing financial distress.

Subsequent to the year-end and prior to the approval of these financial statements, Setcar successfully collected €66k from a customer whose balance had been fully provisioned at year-end due to initial doubts over recoverability. Nevertheless, management has decided to maintain the provision in full, adopting a prudent approach to reflect continued uncertainty and potential credit risk during the course of 2025.

15. Deferred tax assets and liabilities

| | | |
|--------------------------|-------------|-------------|
| | 2024 | 2023 |
| | € | € |
| Deferred tax liabilities | 7,589 | 59,647 |
| Deferred tax (assets) | (7,589) | (59,647) |
| Total | - | - |

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

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

| | | |
|--|-------------|-------------|
| | 2024 | 2023 |
| | € | € |
| Deferred tax liabilities Cost Capitalized | 7,589 | 27,929 |
| Deferred tax liabilities Other | 8,254 | (363) |
| Deferred tax liabilities arising from acquisition | - | 31,718 |
| Deferred tax assets – incl. consolidation adjustment | (15,843) | (59,284) |
| Total | - | - |

16. Cash and cash equivalents

| | Group | | Company | |
|--------------|------------------|------------------|------------------|------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | € | € | € | € |
| Cash at bank | 4,978,110 | 2,389,687 | 4,128,402 | 1,024,286 |
| Cash in hand | 3,028 | 3,616 | - | - |
| Total | 4,981,138 | 2,393,303 | 4,128,402 | 1,024,286 |

17. Equity

Share Capital

| | Number of ordinary shares | Share capital (€) |
|----------------------------|------------------------------|-------------------|
| At 31 December 2022 | 66,057,649 | 205,469 |
| At 31 December 2023 | 66,057,649 | 205,469 |
| Share issue on 28 June * | 14,954,048 | 44,144 |
| Share issue on 1 July * | 23,407,058 | 69,004 |
| At 31 December 2024 | 104,418,755 | 318,617 |

* On 28 June and 1 July 2024, 38,361,106 ordinary shares with a nominal value of £0.0025 each were issued as part of Company's capital raise.

Share Premium

| <i>In euro</i> | Share premium |
|---|-------------------|
| At 31 December 2022 | 39,181,789 |
| Shares issued | - |
| At 31 December 2023 | 39,181,789 |
| Shares issued | 8,033,534 |
| Expenditure relating to the raising of shares | (646,302) |
| At 31 December 2024 | 46,569,021 |

*On 28 June and 1 July 2024, 38,361,106 ordinary shares were issued as part of Company's capital raise at a price of £0.18 each. The Company recognised for €8,033,534 of share premium before expenditure related to the issue of the shares.

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 €80,356.

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 2024, non-controlling interest is composed by 0.05% of Setcar S.A. and 26.46% of Directa Textile Solutions Srl.

18. Loans and borrowings

| | Group | | Company | |
|----------------------------------|------------------|------------------|---------|------|
| | 2024 | 2023 | 2024 | 2023 |
| | € | € | € | € |
| Non-current loans and borrowings | 853,165 | 1,528,108 | - | - |
| Current loans and borrowings | 852,253 | 742,904 | - | - |
| Total | 1,705,418 | 2,271,012 | - | - |

| <i>In euro</i> | 2024 | Current | Non-current | Repayment | Interest rate |
|--|---------|---------|-------------|-----------|--|
| Bank of Transilvania | 361,849 | 241,233 | 120,616 | 36-months | Variable 6.22% ROBOR 3M + 2,5%/year |
| Bank of Transilvania IMM INV | 207,826 | 113,322 | 94,504 | 60-months | Variable 6.22% ROBOR 3M +2.5% MARJA BANK |
| LINIE CREDIT IMM- Invest Plus BRD - revolving | 172,896 | 172,896 | - | - | - |
| Bank of Transilvania IMM INVEST PROIECT POIM inv | 22,415 | 12,226 | 10,189 | 36-Months | Variable 6.5 % Robor 6M+3.65%/Year |
| Intesa San Paolo | 132,760 | 75,572 | 57,188 | 72-months | 1.5%/year + EURIBOR 3M |
| Intesa San Paolo | 9,481 | 6,306 | 3,175 | 72-months | 1.5%/year + EURIBOR 3M |
| Intesa San Paolo | 314,737 | 124,995 | 189,742 | 72-months | 1.5%/year + EURIBOR 3M |
| Banca Popolare di Sondrio | 296,211 | 103,709 | 192,502 | 72-months | 1.5%/year + EURIBOR 3M |
| Ricerca e Innova (Finlombarda) | 185,250 | - | 185,250 | 84-months | - |

Certain debt facilities contracted by Setcar under the IMM Invest programme are secured by specific assets acquired through these loans, including transport and technical equipment, which serve as collateral. In addition, the loans held by Directa Plus and Directa Textile Solutions are covered by public guarantees ranging from 80% to 90%, issued by the Italian government under state-backed credit support schemes.

Reconciliation of liabilities arising from financing activities

| | Cash flows | | | Non-cash flows | | |
|--------------|------------------|--------------------|----------------------|-------------------|-----------------------------|------------------|
| | 1 January 24 | Capital repayments | Liabilities acquired | Accrued interests | Loan conversion into equity | 31 December 24 |
| | € | € | € | € | € | € |
| Borrowings | 2,271,012 | (1,738,490) | 1,172,896 | - | - | 1,705,418 |
| Total | 2,271,012 | (1,738,490) | 1,172,896 | - | - | 1,705,418 |

The Liabilities acquired and the Capital repayments include the €1 million loan from Nant Capital to support the acquisition of Setcar, fully repaid in the year, as explained in note 26.

Net debt reconciliation

| | 2024 | 2023 |
|----------------------------------|--------------------|----------------|
| | € | € |
| Loans and borrowings | 1,705,418 | 2,271,012 |
| Lease liabilities | 624,136 | 389,565 |
| Less: cash and cash equivalent | (4,981,138) | (2,393,303) |
| Net Debt | (2,651,584) | 267,274 |
| Total equity | 7,150,609 | 6,582,124 |
| Debt to capital ratio (%) | (37.08%) | 4.06% |

19. Leases liabilities

The following table details the movement in the Group's lease obligations for the period ended 31 December 2024:

| | 2024 | 2023 |
|-------------------------------|----------------|----------------|
| | € | € |
| Non-current lease liabilities | 448,195 | 183,056 |
| Current lease liabilities | 175,941 | 206,509 |
| Total | 624,136 | 389,565 |

Reconciliation of liabilities arising from leasing activities

| | Cash flows | | | Non-cash flows | |
|--|--------------|--------------------|------------------|-------------------|----------------|
| | 1 January 24 | Capital repayments | Leasing acquired | Accrued interests | 31 December 24 |
| | € | € | € | € | € |

| | | | | | |
|--------------|----------------|------------------|----------------|---|----------------|
| Leasing | 389,565 | (215,714) | 450,285 | - | 624,136 |
| Total | 389,565 | (215,714) | 450,285 | - | 624,136 |

20. Employee benefits provision

| | 2024 | 2023 |
|-------------------|----------------|----------------|
| | € | € |
| Employee benefits | 207,633 | 357,520 |
| Total | 207,633 | 357,520 |

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 2023 and 2024 is as follows:

In Euro

| | |
|-----------------------------------|----------------|
| Amount at 31 December 2022 | 554,444 |
| Service cost | 14,170 |
| Interest cost | 16,125 |
| Actuarial losses | 10,769 |
| Benefit paid | (237,988) |
| Amount at 31 December 2023 | 357,520 |
| Service cost | 42,892 |
| Interest cost | 12,863 |
| Actuarial losses | (18,154) |
| Benefit paid | (187,488) |
| Amount at 31 December 2024 | 207,633 |

Variables analysis

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

| | 2024 | 2023 |
|-----------------------|-------------|-------------|
| Annual rate interest | 3.50% | 3.30% |
| Annual rate inflation | 2.00% | 2.10% |
| Annual increase TFR | 7.41% | 7.41% |
| Tax on revaluation | 17.00% | 17.00% |
| Social contribution | 0.50% | 0.50% |

| | | |
|-------------------------|-------|-------|
| Increase salary male | 2.20% | 2.20% |
| Increase salary female | 2.10% | 2.10% |
| Rate of turnover male | 2.00% | 2.00% |
| Rate of turnover female | 1.80% | 1.80% |

Sensitivity analysis

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

| Actuarial hypothesis - 2024 | | Decrease 10% | | Increase 10% | |
|-----------------------------|--------|--------------|--------------------|--------------|--------------------|
| | | Rate | Variation DBO € | Rate | Variation DBO € |
| Increase salary | Male | 1.95% | (2,598) | 2.45% | 2,722 |
| | Female | 1.85% | | 2.35% | |
| Turnover | Male | 1.00% | (13,526) | 3.00% | 11,591 |
| | Female | 0.80% | | 2.80% | |
| Interest rate | | 3.25% | 6,421 | 3.75% | (6,107) |
| Inflation rate | | 1.75% | (4,890) | 2.25% | (4,890) |

21. Trade and Other payables

| Non-current | Group | | Company | |
|----------------|-------|---------------|---------|------|
| | 2024 | 2023 | 2024 | 2023 |
| | € | € | € | € |
| Other payables | - | 64,014 | - | - |
| Total | - | 64,014 | - | - |

| Current | Group | | Company | |
|------------------|------------------|------------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| | € | € | € | € |
| Trade payables | 1,308,762 | 1,693,569 | 48,762 | 1,846 |
| Employment costs | 163,805 | 184,838 | - | - |
| Other payables | 558,499 | 978,428 | 127,310 | 124,563 |
| Total | 2,031,066 | 2,856,835 | 176,072 | 126,409 |

22. Provision

| Current | Group | | Company | |
|--------------|---------------|---------------|---------|------|
| | 2024 | 2023 | 2024 | 2023 |
| | € | € | € | € |
| Provision | 20,305 | 40,847 | - | - |
| Total | 20,305 | 40,847 | - | - |

The 2023 provision of €40,847 was related to the expected future losses incurred on an onerous long-term contract in Laos. The project was completed in the year and the provision released.

The 2024 provision mainly reflects a tax risk provision recorded by Setcar in Romania.

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 2024 the Group is exposed to variable interest rate risk for the loans issued by Setcar and by Directa Plus SpA under the Italian Government Covid-19 Recovery Plan. Despite the rise in interest rates by the Central Banks over the recent months, those loans, being 90% guaranteed by the Italian Government, bear a relatively low interest rate (1.5% + EURIBOR) and, if the interest rate had increased or decreased by 200 basis points during the year the reported loss after taxation would not have been materially different to that reported.

b) Capital Risk

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

c) Credit Risk

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

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

The Group's trade receivables consist of receivables for revenue mainly in Italy and Romania. Management believes that the Group's exposure to credit risk is manageable and currently the Group's standard payment terms are 30 to 60 days from date of invoice are largely met from the clients. At the end of the period, 66% of account receivables have an ageing less of 60 days and refers to orders delivered close to the year end. As at 31 December 2024 the Group recognised a cumulated bad debt provision for €524,800.

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 | 2024 | 2023 |
|--------------------------|-------------|------------------|------------------|
| | | € | € |
| Trade receivables | 14 | 1,227,797 | 3,645,064 |
| Cash and cash equivalent | 16 | 4,981,138 | 2,393,303 |
| Total | | 6,208,935 | 6,038,367 |

The largest customer within trade receivables accounts for 29% 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.

| 2024 | Carrying amount | Up to 1 year | 1 -5 years |
|------------------------------|------------------------|---------------------|-------------------|
| Financial liabilities | € | € | € |
| Trade payables | 1,308,762 | 1,308,762 | - |
| Lease liabilities | 624,136 | 175,941 | 448,195 |
| Loans | 1,705,418 | 852,253 | 853,165 |
| Total | 3,638,316 | 2,336,956 | 1,301,360 |

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

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 | 4,029,026 |

If the exchange rate EUR/GBP increase by 10% the impact on P&L would be a loss equal to €0.4 million (if decrease by 10% would be a profit equal to €0.4 million).

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

Management constantly monitors exchange rate fluctuations and remains ready to implement appropriate measures to mitigate adverse trends, should they arise.

24. Earnings per share

| | Change in number of ordinary shares | Total number of ordinary shares | Days | Weighted number of ordinary shares |
|----------------------------|-------------------------------------|---------------------------------|------------|------------------------------------|
| At 31 December 2023 | - | 66,057,649 | 365 | 66,057,649 |
| Existing shares | - | 66,057,649 | 179 | 32,306,883 |
| Issued on 28 June 2024 | 14,954,048 | 81,011,697 | 3 | 664,030 |
| Issued on 1 July 2024 | 23,407,058 | 104,418,755 | 184 | 52,494,674 |
| At 31 December 2024 | 38,361,106 | 104,418,755 | 366 | 85,465,587 |

| | Basic | | Diluted | |
|---|---------------|---------------|---------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | € | € | € | € |
| Loss attributable to the owners of the Parent | (5,140,237) | (3,856,103) | (5,140,237) | (3,856,103) |
| Weighted average number of ordinary shares in issue during the year | 85,465,588 | 66,057,649 | - | - |
| Fully diluted average number of ordinary shares during the year | - | - | 86,493,771 | 67,052,006 |
| Loss per share | (0.06) | (0.06) | (0.06) | (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 2024, there are not any outstanding Ordinary Shares awards.

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

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

Eligibility

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

Types of Award

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

Individual Limits

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

Variation of share capital

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

Vesting of awards

Outstanding awards 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.

As of December 2024, there are not any outstanding awards to vest. Details are as follows:

| | 2022 | 2023 | 2024 |
|---------------------------------|-----------------------|-----------------------|-----------------------|
| Outstanding at start of period | 1,688,000 | 1,503,000 | 150,000 |
| Granted during the period | - | - | - |
| Cancelled during the period | -185,000 | -358,000 | - |
| Expired during the period | - | -331,669 | -116,194 |
| Vested during the period | - | -663,331 | -33,806 |
| Outstanding at end of period | 1,503,000 | 150,000 | - |
| Exercisable period option price | 66p-118p | 66p-118p | 66p-118p |
| Grant date | 12 Nov 20 – 15 Jun 21 | 12 Nov 20 – 15 Jun 21 | 12 Nov 20 – 15 Jun 21 |
| Exercisable date | 12 Nov 23 – 15 Jun 24 | 12 Nov 23 – 15 Jun 24 | 12 Nov 23 – 15 Jun 24 |

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

In March 2024, Directa Plus received a financing facility of €1 million from Nant Capital LLC, which was fully repaid in July 2024, along with interest of €19,640 and the reimbursement of \$60,000 in legal fees.

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'.

| | 2024 | 2023 |
|---------------------------------------|---------------|----------------|
| | € | € |
| Short-term employee benefits and fees | 68,738 | 129,065 |
| Social security costs | 22,884 | 39,837 |
| | 91,622 | 168,902 |

The decrease in 2024 is mainly explained by the layoff of an executive manager during the year. For Directors remuneration please see Director's Remuneration Report.

27. Contingent Liabilities and Commitments

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

| | 2024 | 2023 |
|-----------------|-------------|-------------|
| | € | € |
| Bank guarantees | 31,995 | 38,435 |

28. Post balance sheet events

No significant events have occurred after the reporting date that would require disclosure in these financial statements.