21 May 2020

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

Final Results for the Year to 31 December 2019

Directa Plus (AIM: DCTA), a producer and supplier of graphene-based products for use in consumer and industrial markets, announces its final results for the 12 months ended 31 December 2019. The Company's focus remains on developing and delivering products and services in the Environmental Remediation and Textile industrial verticals, whilst continuing to progress graphene enhancements to products in other areas where Directa Plus can identify commercial opportunities.

Summary

Financial highlights

- Product sales and service revenue increased to €2.63m (2018: €2.25m)
- Total income (including grants) increased to €2.81m (2018: €2.50m)
- Loss after tax €3.40m (2018: €3.96m), in line with market expectations
- Successful placing to raise €8.52m (£7.41m) in October
- Acquisition of a 51 per cent majority holding in Setcar S.A. completed in November and has been earnings accretive
- Cash and cash equivalents at year end of €10.91m (2018: €5.50m), providing the Group with the financial capacity to support our growth ambitions and to withstand at least until the end of 2021 the uncertainties and challenges created by the COVID-19 pandemic

Proven, successful strategy maintained

- Target existing products and markets that can be significantly improved with the addition of Directa Plus products
- Working with established manufacturers and vendors worldwide, we are able to gain market insight and access, further develop our technologies, bring products to market faster, and capture maximum value from the supply chain by providing expertise, know-how and services as well as materials
- Focus on those vertical markets in which the Company can gain strong traction – textiles, environmental remediation, elastomers and composites

COVID-19

- The Company has been concerned first and foremost with the health and wellbeing of our employees as well as those of our industrial partners and the wider community
- We have been able to maintain production and remain effective as a business through remote working
- A new Emergency COVID-19 project, using G+® graphene, could offer the right balance of filtration and breathability in masks whilst providing similar anti-bacterial performance to gowns and gloves. We are currently undertaking studies to investigate the potential of a new anti-viral molecule coupled with G+® graphene.

Target market progress

Textiles

- New agreement signed with partner and customer Alfredo Grassi covering workwear and military outerwear in Europe and North Africa
- Potential new alliances for the workwear and transportation markets on a worldwide basis under evaluation, with a specific focus on the UK and the US
- Exclusive agreement with Loro Piana for the commercialisation of Loro Piana fabrics and garments enriched by G+® technology, with an initial duration of three years and a minimum value of €800,000

Environmental Remediation

- Award of first Grafysorber® full service contract in July to treat sludges and by-products for an international oil and gas company operating European onshore wells
- Transformational acquisition of a 51 per cent majority holding in Setcar S.A. completed in November and has been earnings accretive
  - a further 47 per cent was acquired by the parent company of our industrial partner GSP Group, a leading provider of offshore integrated services for the oil and gas industry with rigs operating in Romania, Turkey, Greece and Mexico
  - well regarded business, established in 1994, that fulfils our key strategic objective of fully integrating into the value chain in one of our most important verticals
- Under the new partners' ownership, Setcar gained its first contract in December to provide a suite of environmental decontamination services on the Trinity - 1X gas project in Block 30 offshore Romania for approximately US$1 million
- In February 2020, Setcar gained a contract to supply environmental services to GSP Offshore, part of GSP, with a value of approximately €700,000 per annum over seven years
- Grant of European patent in April 2020 covering the use of Grafysorber® to decontaminate water containing hydrocarbons resulting from the production of oil

Asphalt

- Successful real world trials of G+® enhanced asphalt supermodifier, Gipave, developed with partner Iterchimica, on public roads in Rome and Oxfordshire in the UK
- Post year end, in January 2020, six-month trial began on a high traffic taxiway used for intercontinental aircraft at Rome's Fiumicino airport
- Agreement signed in April 2020 covering the exclusive supply of G+® graphene to Iterchimica in the asphalt and bitumen sector worldwide for an initial duration of three years

Corporate

- Current patent portfolio increased to 30 patents granted, seven of which were granted post year-end, with important grants and filings in both the US and China in 2019
- EU grant received in January 2020 to develop an environmentally sustainable technology to digitally print G+® graphene on fabrics
- OEKO-TEX® independent non-toxic certification (an Eco Passport) received in February 2020 for our G+® printing paste technology
- Frost and Sullivan Technology Innovation Award granted to the Company in May 2020 for unique Grafysorber performances in environmental remediation industry

Giulio Cesareo, Founder & CEO, said: "Without question 2019 was a landmark year for the Group in so many respects with the Group making great strides in our textile and environmental remediation verticals, as well as in the global asphalt market and with the acquisition of Setcar.

"Whilst we are well positioned in our key verticals with a growing recognition for Directa Plus and for the outstanding benefits of our G+ technology, we do not expect to be entirely immune from the effects of COVID-19 and hence have withdrawn forward guidance to stakeholders until the volatility in related markets reduces.

"April year to date revenues of €1.8m are almost treble those of the same period last year, we have a strong order book and attractive prospects including in, but not limited to, the COVID-19 related personal protective equipment markets. With this in mind, our COVID-19 scenario planning base case revenues, albeit a reduction against initial expectations, nonetheless show a notable near trebling of revenue for the year.

"We have a robust balance sheet with year-end net cash of €10.9m that provides us with the financial capacity therefore to support our growth ambitions and to withstand the uncertainties and challenges created by the COVID-19 pandemic.

"At Directa Plus we seek to be a farsighted Company, helping to build a better future and our ambition remains undimmed. We do not intend to let Covid-19 prevent us from capturing new opportunities across all of our key markets."

Key Performance Indicators and Financial Summary

	2019	**2018**
Revenue from product and service sales (€'m)	2.63	2.25
Total Income* (€'m)	2.81	2.50
LBITDA** (€'m)	(2.71)	(3.24)
Loss after tax ***(€'m)	(3.40)	(3.96)
Cash and cash equivalents (€'m)	10.91	5.50
Total number of patents granted****	23	18

**Total Income comprises revenue from product and service sales (€2.63m), and other income including government grants (€ 0.06m) and RDEC – Research and Development Expenditure Credit (€0.10m).*
*** LBITDA represents results from operating activities before depreciation and amortisation of €0.84m (2018: €0.67m). Management believes that EBITDA provides a better reflection of operational performance by removing interest, tax, depreciation and amortisation. EBITDA is a non-GAAP measure.*
**** The loss for the year of €3.40m is split between a €3.58m loss owned by the Company and a €0.18m profit in respect of non-controlling interests.*
*****Number of grants in portfolio at the end of the period*

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This announcement has been released by Giulio Cesareo, Chief Executive, on behalf of the Company.

Chairman's Statement

I am pleased to report that 2019 was a transformational year for Directa Plus. Towards the end of the year, we completed the purchase of a 51.0 per cent interest in the environmental services company Setcar and further strengthened the Group's balance sheet through an oversubscribed Placing and Open Offer. Despite the added demands of our acquisition of Setcar, strong commercial momentum was sustained across the business, re-enforcing our position as a leading producer and supplier of differentiated graphene-based products under our G+ brand. Our full year revenue of €2.81m was up 17 per cent over the prior year including a €0.88m contribution from Setcar since its acquisition in November 2019. We have a robust balance sheet with year-end net cash of €10.9m that provides us with the financial capacity to support our growth ambitions and to withstand the uncertainties and challenges created by the COVID-19 pandemic.

The Group's graphene manufacturing operations and headquarters are located in Lomazzo in the Lombardy region of Northern Italy, which has been one of Europe's worst affected areas for COVID-19. As such the Board has been concerned first and foremost with the health and wellbeing of our employees as well as those of our industrial partners and the wider community in which we operate. It is a testament to our executive team that the decision was taken early to reduce the headcount at our factory to a minimum and to move all remaining staff to work remotely. As a result, our manufacturing operations are continuing with the production of G+® products and our development activities continue apace. On behalf of the Board I would like particularly to thank our leadership team and our employees for their dedication and hard work in a difficult and very challenging environment.

The benefits of our G+® graphene are becoming increasingly well recognised by our existing and potential partners with whom we are closely engaged. Our low cost, scalable manufacturing plant uses a proprietary and patented chemical-free process to produce pristine graphene-based materials and hybrid graphene materials for a variety of uses. Our G+ product is proven to be non-toxic and is available in various forms such as powder, liquid and paste and can be tailored to optimise the performance and characteristics of our partners end products. We are creating a generation of new products with exceptional properties and the progress we are making in our targeted business verticals is detailed within the Chief Executive's Review,

The acquisition of Setcar was an important milestone for the Group in our commercialisation strategy for our patented Grafysorber® oil decontamination and remediation product. Our partner GSP has extensive operations with an established infrastructure, including strong third party customer relationships, to promote the unparalleled benefits of Grafysorber®. The acquisition of Setcar has enabled the Group to capture additional value for shareholders through the provision of added value upstream services and by moving away from the provision of Grafysorber® alone. We are delighted to welcome the Setcar team to Directa Plus and look forward to delivering on our ambitions in this key market vertical alongside further progress in textiles, our other key vertical.

Our reputation is of course fundamental to our future success and set alongside our growing knowledge pool and technical ability, our forward-thinking approach continues to create new opportunities. Post year-end we signed a worldwide agreement with asphalt additive company Iterchimica following four years of investment in R&D and extensive trials of Gipave, the asphalt additive based on G+® graphene. The Board believes there is a significant opportunity for Gipave to capture a material share of the asphalt and bitumen paving market based on its proven real-world performance.

Extensive work is currently being undertaken also to assess the potential for G+® to be incorporated into medical devices such as masks, gowns and gloves. We have long known of the strong anti-bacterial and thermal properties of our graphene but there may be a similar anti-viral effect also and we hope that G+® may be able to assist in the fight against COVID-19.

In closing, I should like to thank our shareholders, new and old, for their continued loyalty and support. Directa Plus continues to position itself for a strong future and our ability to grow which reflects our stakeholders' confidence in the business and strategy. 2020 brings with it greater challenges and uncertainties than usual as a result of COVID-19. We shall not escape its impact, particularly in fashion related textiles, but there are also reasons to be optimistic.

We now have a strong confirmed forward order book for 2020 and a growing number of differentiated products across large, diverse end markets. In environmental services, we expect to continue to make progress this year through Setcar providing growing revenues and profits that will enable us to invest further in the business. In textiles, new product launches, potentially including bacteria and virus inhibiting materials, as well as geographical expansion, place the Group in a good position to support textile producers in meeting the needs triggered by COVID-19. The Board remains confident that 2020 will see further positive progress and developments.

Sir Peter Middleton
Chairman
20 May 2020

Chief Executive Officer's Review

Introduction

2019 saw great progress for Directa Plus not only in our key verticals of environmental remediation solutions and textiles, but also in the other industrial sectors where we have developed graphene enhanced products and services where we see material opportunities.

Strategy and Business Model

We continue to believe that successful innovations are collaborative, starting from existing ideas, resources and contacts and facilitated through the introduction of competencies and assets from partners. These are then combined together in a new market context, resulting in new next generation products or significant improvements to existing products.

We believe that our commercial strategy has been validated as the best path for Directa Plus. By working with established manufacturers and vendors, we are able to gain market insight and access, further develop our technologies, bring products to market faster, and capture maximum value from the supply chain.

We always seek to develop the right business model to suit the product and partnership. This ethos means that we retain and actively promote flexibility and optionality throughout our Company.

Our R&D efforts throughout 2019 supported our strategy and we have generated significant new intellectual property assets, across our industrial landscape. We continue to find new ways to improve and optimise products and services for end users with the use and development of our graphene based technology.

Directa Plus's stature as a differentiated producer and supplier of graphene continues to build strongly and during the year this was additionally recognised through an invitation to join the Industry Council of the US National Graphene Association (NGA), the main body in the US advocating and promoting the commercialisation of graphene. Membership of the NGA's Industry Council is available to a select group of influential graphene companies that are positioned to assume a leading role in the development of the global graphene market. Directa is very proud to be part of the organisation.

Potential for G+® to protect against the spread of COVID-19

As you will know, Northern Italy, where our graphene manufacturing facility and corporate offices are situated has been badly impacted by COVID-19 and the measures necessary to prevent its spread. Despite this, I am pleased to report that the Group have been able to maintain production and remain effective as a business through remote working. Keeping all our employees safe and ensuring their wellbeing is of the utmost importance to us.

Against this backdrop, Directa Plus has been dedicating R&D efforts to find ways to help alleviate the spread of COVID-19. Whilst we have known of graphene's strong bacteriostatic properties for some time, there are indications that there may similarly be an anti-viral effect that can be utilised by applying graphene to fabric. As such, we have been working on a new project, Emergency COVID, which uses graphene in the production of medical devices such as masks, gloves and gowns to provide enhanced prevention properties that could make an important contribution in the easing of restrictions in the second phase response to the pandemic.

We believe that Personal Protective Equipment, enhanced appropriately by G+® graphene, could offer the right balance of filtration and breathability in masks whilst providing anti-bacterial and potentially anti-viral performance that would also be effective in clothing such as gowns and gloves. This could result in a safer "go to work" and "go to sport" environment for all citizens and I hope to be able to report this time next year that Directa Plus has been able to play its part in turning the tide against COVID-19.

Textiles

The intelligent use of graphene in modifying fabrics can provide a variety of performance benefits to the wearer of garments made using these enhanced fabrics. Improved thermal regulation delivers much higher levels of comfort and, for example, more efficient output for sportspeople, manual or physical workers, and can expand the range of fabrics suitable to different climactic conditions. Graphene is applied to garments through our proprietary fabric printing technology and through laminated graphene membranes. We are also working on novel ways to introduce graphene to the weave of fabrics themselves.

Directa Plus's progress in the period was extremely pleasing, in particular the partnership with Alfredo Grassi and our exclusive agreement with Loro Piana, as further detailed below.

Alfredo Grassi

Our long-standing industrial partnership with Alfredo Grassi S.p.A (Grassi), was deepened in May 2019 with an agreement to collaborate in the further development of graphene enhanced workwear and to expand into military outerwear.

The agreement between Directa Plus and Grassi provides for exclusive co-operation in these key sectors, leveraging on the established advantages of our Planar Thermal Circuit™. The main objectives are:

- To promote the uptake of graphene enhanced, advanced workwear and military outerwear in Italy, most of Europe, and North Africa;
- To develop new products suitable for end users in relevant industrial verticals;
- To build a greater joint understanding of market trends and drivers affecting demand for such products; and
- To offer end users the maximum level of sustainability along the entire supply chain

We are also evaluating potential new alliances for the workwear vertical on a global basis with a specific focus on the UK and the US and will update shareholders at the appropriate time.

Loro Piana

In March 2019 we announced an exclusive agreement with Loro Piana for the commercialisation of Loro Piana fabrics and garments enriched by Directa's G+ technology, with an initial duration of three years and a minimum value of €800,000.

Loro Piana is renowned for the quality of its fabrics and garments, even amongst the global luxury fashion industry, and for its extreme sensitivity to the environment along its entire value chain. These principles align perfectly with Directa Plus's own culture and we look forward to jointly developing and achieving significant innovations in high quality fabrics.

Environmental remediation

Environmental remediation solutions are amongst Directa Plus's most commercially advanced activities. The Group is successfully gaining and fulfilling contracts using our proprietary Grafysorber® technology. Grafysorber® is used to treat water contaminated by hydrocarbons and is at least five times more effective than current technologies, adsorbing more than 100 times its own weight of oil-based pollutants. Furthermore, Grafysorber® is sustainably produced in common with all our products, and it is non-flammable and reusable, with the adsorbed hydrocarbons recoverable.

Oil & Gas supply and service contract

In July, Directa was awarded an environmental remediation contract worth approximately €150,000 to treat several thousand cubic meters of sludges and by-products for an international oil and gas company, operating European onshore wells. Directa is providing a full service to the customer through the supply of a mobile treatment unit and operating the recovery process.

Setcar S.A.

The key development in the year was the announcement of our acquisition of a 51 per cent majority holding in Setcar S.A. in September 2019, with completion finalised in November 2019. Setcar was established in 1994 and is a highly regarded environmental remediation services business based in Braila, Romania, and operating in the Black Sea region. Setcar has been a commercial partner of Directa Plus since 2014 and previously has contributed to the industrial development of our Grafysorber mobile decontamination units, so we are familiar with their capabilities and clear sighted on the potential opportunities.

The acquisition fulfils our key strategic objective of fully integrating into the value chain in one of our most important verticals. We are working with established industrial partners to provide a service solution to take advantage of their expertise and existing commercial relationships, whilst also capturing maximum value from the supply chain.

Directa Plus acquired 51 per cent of Setcar with a further 47.03 per cent acquired by the parent company of our industrial partner GSP Group, a leading provider of offshore integrated services for the oil and gas industry with rigs operating in Romania, Turkey, Greece and Mexico, for a combined total consideration of €4.1 million and we expect the acquisition has been earnings accretive. The acquisition was funded out of the proceeds of a £7.4 million capital raise that is detailed in our Chief Financial Officers report.

Following its acquisition, Setcar gained its first contract to provide a suite of environmental decontamination services on the Trinity - 1X gas project in Block 30 offshore Romania. The value of the Contract is estimated to be approximately US$1 million invoiced between 2019 and first quarter 2020 and evidences the first step in what we envisage to be a highly successful relationship for Setcar, Directa, and our partner GSP. Post-year end, in February 2020, Setcar also signed a contract to supply environmental services to GSP Offshore, part of GSP, to the value of approximately €700,000 per annum over a period of seven years. We are pleased with the integration of Setcar into the Group and look forward to achieving further progress.

Other applications for G+®

The Group has made significant strides elsewhere in our deployment of our graphene technology in other industrial verticals, particularly in elastomers and composite materials.

Iterchimica

Last year we reported that as part of our partnership with Iterchimica we had jointly undertaken the first real world trials of a road surface enhanced with a supermodifier containing G+ graphene, on a section of Rome's Strada Provinciale Ardeatina. This and subsequent trials have been highly successful and the product has now been branded as Gipave. Gipave works by increasing a road surface's resistance to deformation through its ability to manage temperature fluctuations, leading to less cracking and warping. The useful life of a Gipave road surface is extended and there is a material reduction in the maintenance requirement, ultimately saving money for public highways agencies, road users, and taxpayers. Once laid, Gipave can be 100 per cent recycled which can reduce the extraction of new materials from quarries and first-use bitumen.

In April 2019 we able to report on the Rome trial, comparing asphalt concrete with the super modifier to a traditional asphalt surfacing, noting impressive results:

- Enhanced service life - fatigue resistance improvement was measured at over 250 per cent;
- Improved resistance to the passage of vehicles - mechanical tests showed an Indirect Tensile Strength increase of 35 per cent;
- Greater resistance to deformation at the same load - Stiffness Modulus was measured at different temperatures, showing an improvement of 46 per cent at 40°C;
- Lower permanent plastic deformation - rutting values (track left by tyres) was 35 per cent lower at 60°C.

Following the success of the Italian trial, Gipave was deployed in November 2019 on a busy section of road in Curbridge, Oxfordshire in the UK and is helping to prove the benefits of the product in different climactic conditions.

After the year end, in January 2020, a six-month trial also began at Rome's Fiumicino airport on taxiway Alpha Alpha, a high traffic taxiway used for intercontinental aircraft such as Boeing 777s and Airbus A380s. In view of COVID-19 restrictions we will be working with the airport to assess and evaluate the on-going parameters of the trial. In April 2020, Directa Plus signed a worldwide cooperation agreement with Iterchimica, covering. the exclusive supply of G+ graphene to Iterchimica in the asphalt and bitumen sector worldwide for an initial duration of three years.

Intellectual Property

Our culture of R&D and our vision to bring the benefits of graphene to industrial sectors where we see the greatest opportunity ensures that Directa Plus is constantly growing its suite of intellectual property assets. Our patent portfolio is currently composed of 30 patents (seven of which were granted post-year end) and 24 pending patents. In 2019 we were granted five patents.

Achievements in 2019:

- An Italian patent covering the use of G+® graphene in the manufacture of golf balls was granted in May 2019;
- A Chinese patent, covering Directa Plus' unique process for manufacturing pristine graphene nanoplatelets, was granted in April 2019
- Directa Plus's unique exfoliation technology is chemical free, has an extremely high yield, and can be varied to produce graphene nanoplatelets with specific morphologies, with high production volume capability. This technology and process is protected under granted patents in Europe. In October 2019 we successfully gained a United States patent and continue to look to expand IP protection worldwide;

- A further US patent was awarded in July 2019 covering the technology that allows Directa Plus to create an ink based on its G+® graphene product. In addition to its thermal properties, the G+ ink can be used in textile applications to provide flame retardant properties or electrical conductivity, as well as for coating applications in, for example, the production of battery electrodes; and
- In September 2019, we were granted an Italian patent for polyurethane film containing G+® graphene nanoplatelets, developed with the Company's membrane partner, Novaresin. We are currently in the process of extending this patent protection internationally. The new membrane will be marketed under the brands Grafytherm™ and Grafyshield™ and provides water protection as well as breathability alongside G+ performance in respect of thermal and electrical conductivity, infrared absorption and bacteriostaticity. The membrane will be deployed initially in the apparel industry.

Post year end

- In January 2020, Directa signed an agreement with Comerio Ercole SpA ("Comerio") to pursue joint research and development projects using the Company's G+ technology to develop products in the rubber and tyres, plastic and non-woven materials industries;
- Also in January 2020, the Company received an EU grant to develop an environmentally sustainable technology to digitally print its G+ graphene on fabrics;
- The Group secured an OEKO-TEX® certification in February 2020 for Directa's proprietary G+ graphene printing paste technology. An Eco Passport by OEKO-TEX® is an independent non-toxic certification system for chemicals, colourants and auxiliaries used in the textile and leather industry; and
- In April 2020, we were granted a European patent covering Grafysorber's use to decontaminate water containing hydrocarbons resulting from the production of oil. This significantly increases our potential addressable market in Europe in our environmental vertical.

Outlook

Without question, 2019 was a landmark year for Directa Plus with the Group making great strides, in particular in our key textile and environmental remediation verticals. The acquisition of Setcar has bedded in well into the Group and is proving to be as transformative as we expected. We continue to make strong progress in other sectors, such as asphalts, where our G+ technology and partnerships also bring material opportunities.

It is extremely sad therefore that 2020 has started with such uncertainty for the global economy and the global community due to the spread of COVID-19. We have nevertheless responded quickly to the crisis to ensure the absolute safety and wellbeing of our employees and to protect our business. Whilst we are well positioned in our key verticals with a growing recognition for Directa Plus and for the outstanding benefits of our G+ technology, we do not expect to be entirely immune from the effects of COVID-19 and as a result of heightened uncertainties have withdrawn forward guidance to stakeholders at this time until volatility in related markets reduces.

Nevertheless, I am pleased to report that our April year to date revenues of €1.8m are almost treble those of the same period last year and we have a strong order book. Under our COVID-19 scenario planning, our base case scenario shows a notable near trebling of revenue for the year, albeit a reduction against initial expectations. In addition to this we hope to benefit from a number of attractive prospects, not least in COVID-19 related applications. We have a robust balance sheet with year-end net cash of €10.9m that additionally provides us with the financial capacity to support our growth ambitions and to withstand the uncertainties and challenges created by the COVID-19 pandemic.

The concept of "lean into the future" is key to us and we shall continue to look to understand new market needs and to leverage on the incredible enabling properties of our G+® graphene in order to satisfy them. In this respect, we hope to be able to play a meaningful role in the provision of Personal Protection Equipment, taking advantage of the bacteriostatic and potential antiviral properties of our G+ graphene. We will of course keep stakeholders appraised of the new opportunities we will target and on the likely impacts of COVID-19 as the situation becomes clearer.

Directa Plus seeks to be a farsighted company, helping to build a better future and our ambition as a Group remains undimmed. We do not intend to let Covid-19 prevent us from capturing new opportunities across all of our key markets.

Giulio Cesareo
Chief Executive Officer
20 May 2020

Chief Financial Officer's Review

I am pleased to present the results of what has been another busy and important year for the Group. We have continued to shape and improve the finance team, focusing our activities on accuracy, timing and efficiency of the internal reporting to support our commercial and strategic decision-making. In addition, I can report that the managing the acquisition of Setcar SA and the post-acquisition finance and accounting activities went smoothly.

Key Performance Indicators

The Board measures the performance of the Group through a number of important financial and non-financial KPIs. In a young business with a number of sector verticals, identifying measurable data that will provide useful insight year-on-year is not always straightforward but the KPIs below should help shareholders understand the Group's progress. Our financial KPIs show significant improvement compared to 2018.

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

	2019	**2018**
Revenue from product sales and service (€'m)	2.63	2.25
Total Income* (€'m)	2.81	2.50
LBITDA** (€'m)	(2.71)	(3.24)
Loss after tax *** (€'m)	(3.40)	(3.96)
Reported basic loss per share(€)	(0.07)	(0.09)
Cash and cash equivalents (€'m)	10.91	5.50
Total number of patents granted****	23	18

**Total Income comprises revenue from product and service sales (€2.63m), and other income including government grants (€ 0.06m) and RDEC – Research and Development Expenditure Credit (€0.10m)*

*** LBITDA represents results from operating activities before depreciation and amortisation of €0.84m (2018: €0.67m). Management believes that LBITDA provides a better reflection of operational performance by removing interest, tax, depreciation and amortisation. EBITDA is a non-GAAP measure*.

**** The loss for the year of €3.40m is split between a €3.58m loss owned by the Company and a €0.18m profit in respect of non-controlling interests.*

*****Number of grants in portfolio at the end of the period*

Financial Review

Revenue from product and service sales grew by 17 per cent to €2.63 million (2018: €2.25 million) with the increase driven from higher revenue in our environmental remediation segment, occurred following the acquisition of Setcar, of €0.88 million (2018: 0.22 million). Revenues in our textile segment were flat at €1.65 million (2018: 1.66 million) consolidating on the significant progress that was made in 2018.

Other income, which mainly includes grants and R&D Expenditure Credit (RDEC) received by the Group, was €0.16 million (2018: €0.13 million). RDEC is an Italian government incentive scheme designed to encourage companies to invest in R&D by providing a tax credit and this accounted for €0.10 million (2018: € 0.10 million). Income from Government grants was driven by grants that are directly supporting key development activities, namely the GRATA textiles project and the Gipave asphalts project and accounted for €0.06 million in total. As a result, Directa's total income increased by 12 per cent to €2.81 million (2018: €2.50million).

The EBITDA loss for the period was in line with management expectation at €2.71 million compared with a €3.24 million loss for 2018 and reflects both the increase in revenue and higher expenditure on raw materials,

and also changes in inventories and other expenses. The loss after tax reduced to €3.40 million compared with €3.96 million for 2018.

As at 31 December 2019, inventories totalled €1.10 million (2018: €0.86 million), a level that ensures that the Group can meet growing demand from key clients in a timely manner.

In the short term the Group's priorities continue to be focused on a reduction in cash consumption and an improvement in profitability. Cash and cash equivalents at 31 December 2019 were €10.91 million (2018: €5.5 million).

Acquisition of Setcar SA

On 25 November 2019 Directa Plus S.p.A. acquired 51 per cent of Setcar SA. Setcar has been jointly acquired with GVC, a company ultimately owned by the GSP group, a leading provider of offshore integrated services for the oil and gas industry with rigs in operation in Romania, Turkey, Greece and Mexico, who acquired 47.03% holding. The total consideration is €4.1 million of which the consideration payable by the Company is €2.1 million.

Of the total consideration of €4.1 million, €2.1 million is to be paid in cash to the owners of Setcar as follows:

- €0.6 million upon Completion
- €0.4 million on 30 April 2020
- €0.85 million on the first anniversary of Completion
- €0.25 million on the second anniversary of Completion.

Immediately following Completion, Directa Plus and GVC provided a loan to Setcar, in proportion to their respective shareholdings, in order to facilitate the payment of a €2 million dividend to the vendors of Setcar.

The total consideration for the acquisition of Setcar is allocated to the identifiable assets acquired and liabilities assumed at fair value (Purchase Price Allocation or PPA). The identifiable finite-lived assets are then depreciated/amortized over their remaining useful lives. The Company used an independent specialist to provide the fair value on a per asset basis. The revaluation amounted to the fair value uplift of assets is €1.6 million (excluding deferred tax liabilities) with total assets after the revaluation to €5.6 million (excluding deferred tax liabilities) and Net Assets to €3.8 million.

Capital Raise

During the financial year the Group benefitted from the proceeds of two separate capital raises for total gross proceeds of £8.73 million:

- £1.32 million (approximately €1.47 million) in respect of a conditional placing and open offer (disclosed in the 2018 Annual Report) which settled on 9 January 2019; and
- £7.41 million (approximately €8.61 million) in respect of a placing and open offer of 9,882,547 ordinary shares in aggregate (comprising 9,648,000 Placing Shares and 234,547 Open Offer Shares) with a nominal value of £0.0025 each and a price of 75p that settled on 21 October 2019.

Proceeds from the placing and open offer and conditional placing and open offer will be applied as follows:

- €2.1 million in respect of the completion of the acquisition of the Group's 51 per cent. interest in Setcar S.A.; and
- €7.9 million to sustain the Group to cash flow break-even, and specifically to:

- exploit commercial opportunities across a developing pipeline, including the fast-growing environmental remediation market;
- build the Group’s sales and marketing reach;
- develop Directa’s next generation of higher performing products;
- improve graphene production layout to drive margin growth; and
- maintain competitive advantage and barriers to entry.

Marco Ferrari
Chief Financial Officer
20 May 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In euro	**Note**	**31 Dec 2019**	**31 Dec 2018**
Continuing operations			
Revenue	3	2,631,819	2,253,293
Other income	3/5	183,033	248,695
Changes in inventories of finished goods and work in progress	6	87,537	(133,382)
Raw materials and consumables used	7	(1,185,360)	(1,299,078)
Employee benefits expenses	8	(2,148,923)	(2,112,650)
Depreciation and amortisation	13/14	(837,055)	(674,919)
Other expenses	9	(2,286,054)	(2,197,670)
Results from operating activities		**(3,555,002)**	**(3,915,711)**
Finance Income	11	164,536	4,440
Finance expenses	11	(35,972)	(45,143)
Net finance costs		**128,563**	**(40,703)**
Loss before tax		**(3,426,439)**	**(3,956,414)**
Tax expense	12	25,225	(414)
Loss after tax from continuing operations		**(3,401,214)**	**(3,956,828)**
Loss of the year		**(3,401,214)**	**(3,956,828)**
Other Comprehensive income items that will not be reclassified to profit or loss			
Defined Benefit Plan re-measurement gains and losses	22	(12,802)	1,219
Other comprehensive (expense)/income for the year (net of tax)		**(12,802)**	**1,219**
Total comprehensive (expense)/income for the year		**(3,414,016)**	**(3,955,609)**
Loss attributable to			
Owner of the Parent		(3,585,215)	(3,961,259)
Non-controlling interests		184,001	4,431
		(3,401,214)	**(3,956,828)**
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(3,598,017)	(3,960,040)
Non-controlling interests		184,001	4,431
		(3,414,016)	**(3,955,609)**
Loss per share			
Basic loss per share	25	(0.07)	(0.09)
Diluted loss per share	25	(0.07)	(0.09)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Group		Company	
In euro	**Note**	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
Assets					
Intangible assets	13	2,202,452	1,467,478	-	-
Investments	15	-	-	21,180,336	16,180,336
Property, plant and equipment	14	4,730,752	1,062,435	-	-
Trade and other receivables	16	109,698	-	-	-
Non-current assets		**7,042,902**	**2,529,913**	**21,180,336**	**16,180,336**
Inventories	6	1,095,936	862,284	-	-
Trade and other receivables	16	2,943,286	2,059,217	203,404	158,594
Cash and cash equivalent	18	10,906,076	5,503,884	7,669,360	3,968,016
Current assets		**14,945,298**	**8,425,385**	**7,872,765**	**4,126,610**
Total assets		**21,988,200**	**10,955,298**	**29,053,101**	**20,306,946**
Equity					
Share capital	19	190,512	154,465	190,512	154,465
Share premium	19	31,395,612	22,104,240	31,395,612	2,2104,240
Foreign currency translation reserve		4,147	-	-	-
Retained Earnings	19	(17,656,325)	(14,044,656)	(2,616,723)	(2,055,143)
Equity attributable to owners of Group		**13,933,946**	**8,214,049**	**28,969,401**	**20,203,562**
Non-controlling interests	19	1,240,194	27,361	-	-
Total equity		**15,174,140**	**8,241,410**	**28,969,401**	**20,203,562**
Liabilities					
Lease liabilities	21	439,690	57,011	-	-
Employee benefits provision	24	416,095	335,132	-	-
Other payables	24	196,690	-	-	-
Deferred tax liabilities	17	135,059	-	-	-
Non-current liabilities		**1,187,534**	**392,143**	-	-
Loans and borrowing	20	484,701	168,701	-	-
Lease liabilities	21	184,900	58,121	-	-
Trade and other payables	24	4,956,926	2,094,922	83,699	103,385
Current liabilities		**5,626,527**	**2,321,745**	**83,699**	**103,385**
Total liabilities		**6,814,061**	**2,713,888**	**83,699**	**103,385**
Total equity and liabilities		**21,988,200**	**10,955,298**	**29,053,101**	**20,306,947**

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 €558,846 (2018: € 779,197).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by Giulio Cesareo, Chief Executive Officer, and Marco Ferrari, Chief Financial Officer, 20 May 2020

The notes below form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In euro	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2017	**142,628**	**19,973,996**	**-**	**(10,250,224)**	**9,866,400**	**22,930**	**9,889,329**
Total comprehensive (expense)/income for the year							
Loss of the year	**-**	**-**	-	(3,961,259)	**(3,961,259)**	4,431	**(3,956,828)**
Total other comprehensive (expense)/income	**-**	**-**	-	1,219	**1,219**		**1,219**
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**(3,960,040)**	**(3,960,040)**	**4,431**	**(3,955,609)**
Capital raised	11,837	2,355,548	**-**	**-**	**2,367,385**	**-**	**2,367,385**
Expenditure related to the issuance of shares	-	(225,304)	**-**	**-**	**(225,304)**	**-**	**(225,304)**
Share-based payment	**-**	**-**	-	165,610	**165,610**	**-**	**165,610**
Balance at 31 December 2018	**154,465**	**22,104,240**	**-**	**(14,044,656)**	**8,214,049**	**27,361**	**8,241,410**
Total comprehensive (expense)/income for the year							
Loss of the year	**-**	**-**	-	(3,585,215)	**(3,585,215)**	184,001	**(3,401,214)**
Total other comprehensive (expense)/income	**-**	**-**	-	(12,802)	**(12,802)**		**(12,802)**
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**(3,598,017)**	**(3,598,017))**	**184,001**	**(3,414,016)**
Capital raised	36,047	10,043,120	**-**	**-**	**10,079,167**	**-**	**10,079,167**
Expenditure related to the issuance of shares	-	(751,748)	**-**	**-**	**(751,748)**	**-**	**(751,748)**
Translation reserve			4,147	-	**4,147**		**4,147**
Share-based payment	**-**	**-**	-	(13,652)	**(13,652)**	**-**	**(13,652)**
Setcar non-controlling interest of acquisition						**1,028,831**	**1,028,831**
Balance at 31 December 2019	**190,512**	**31,395,612**	**4,147**	**(17,656,325)**	**13,933,946**	**1,240,194**	**15,174,140**

COMPANY STATEMENT OF CHANGES IN EQUITY

In euro	Share capital	Share premium	Retained earnings	Total equity
Balance at 31 December 2017	**142,628**	**19,973,996**	**(1,380,478)**	**18,736,146**
Loss for the year	**-**	**-**	**(779,197)**	**(779,197)**
Capital raised	**11,837**	**2,355,548**	**-**	**2,367,385**
Expenditure related to the issuance of shares	**-**	(225,304)	**-**	**(225,304)**
Share-based payment	**-**	**-**	**104,532**	**104,532**
Balance at 31 December 2018	**154,465**	**22,104,240**	**(2,055,143)**	**20,203,562**
Loss for the year	**-**	**-**	**(558,846)**	**(558,846)**
Capital raised	**36,047**	**10,043,120**	**-**	**10,079,167**
Expenditure related to the issuance of shares	-	(751,748)	**-**	**(751,748)**
Share-based payment	**-**	**-**	**(2,733)**	**(2,733)**
Balance at 31 December 2019	**190,512**	**31,395,612**	**(2,616,722)**	**28,969,402**

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

		Group		Company	
In euro	**Note**	**2019**	**2018**	**2019**	**2018**
Cash flows from operating activities					
Loss for the year before tax		(3,426,439)	(3,956,414)	(558,846)	(779,197)
Adjustments for:					
Depreciation	14	452,309	357,014	-	-
Amortisation of intangible assets	13	384,746	317,905	-	-
Share-based payment expense		(13,652)	165,610	(2,733)	104,532
Finance income	11	(164,535)	(4,440)	(164,529)	(3,194)
Finance expense		35,829	45,143	2,081	22,610
		(2,731,742)	**(3,075,182)**	**(724,028)**	**(655,249)**
Increase/Decrease in:					
- inventories	6	(79,451)	133,382	-	-
- trade and other receivables	16	240,963	(897,506)	(44,811)	(49,354)
- trade and other payables	24	(714,799)	758,397	(19,685)	56,949
- provisions and employee benefits	22	59,342	47,175	-	-
Net cash from operating activities		**(3,225,687)**	**(3,033,734)**	**(788,524)**	**(647,654)**
Cash flows from investing activities					
Interest received	11	2,874	4,440	3,982	3,194
Investment in intangible assets	13	(232,546)	(207,158)	-	-
Investment in subsidiary	15	-	-	(5,000,000)	(2,000,000)
Net cash arisen from business acquisition		(137,345)	-	-	-
Acquisition of property, plant and equipment	14	(161,589)	(120,456)	-	-
Net cash used in investing activities		**(528,606)**	**(323,174)**	**(4,996,018)**	**(1,996,806)**
Cash flows from financing activities					
Proceeds from Capital raise		10,079,167	2,367,385	10,079,167	2,367,385
Expenditure related to the issuance of shares		(751,747)	(225,304)	(751,747)	(225,304)
Interest paid		(9,773)	(16,329)	-	(941)
New Borrowings		-	66,607	-	-
Repayment of borrowings	20	(190,193)	(239,344)	-	-
Interest of lease liabilities		(16,124)	-	-	-
Repayment of lease liabilities		(115,133)	-	-	-
Net cash from (used in) financing activities		**8,996,197**	**1,953,015**	**9,327,420**	**2,141,140**
Net increase (decrease) in cash and cash equivalent		**5,241,904**	**(1,403,893)**	**3,540,797**	**(503,320)**
Cash and cash equivalent at beginning of the year		**5,503,884**	**6,929,446**	**3,968,016**	**4,493,006**
Exchange (losses)/gains on cash and cash equivalents		**160,548**	**(21,669)**	**160,548**	**(21,669)**
Cash and cash equivalent at end of the year		**10,906,076**	**5,503,884**	**7,669,360**	**3,968,016**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. Basis of preparation
a) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) as adopted for use in the European Union and with those parts of Company Act 2006 to companies preparing their financial statements under the adopted IFRS.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year, unless otherwise stated.

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

I. Going Concern
The COVID-19 pandemic has had a significant, immediate impact on the global economies and on the operations and operational funding of participants in international supply chains.

The COVID-19 pandemic has not, to date, had a significant adverse impact on the Group's operations but the directors are aware that if the current situation becomes prolonged then this may change. Further details of the current assessment of the impact on the business are set out in the strategic report. Based on very recent projections, the directors believe that:
a) the demand for graphene products will be volatile, although the positive outlook and general market appetite is confirmed;
b) the demand of environmental services will impacted in the next few months mainly in relation to the oil & gas segment due to the fact of the depressed oil price with the combined impact of COVID-19..

Management believes that the Group has the systems and protocols in place to address these challenges. 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.

As at 31 December 2019, the Group had net assets of €15.17m (2018: €8.2m) and cash and cash equivalent of €10.91m (2018: €5.50m).The directors prepare annual budgets and forecasts in order to ensure that they have sufficient liquidity in place in the business. In addition, in response to the rapidly evolving COVID-19 situation, the directors, in formulating the plan and strategy for the future development of the business, considered a base case scenario involving c.25% reduction in forecast revenues. The directors have also stress tested the base case scenario by applying a further material reduction in forecast revenues, and mitigation or deferral of capital and operational expenditure. In both these scenarios, the Group is projected to have the financial capacity to support its viability, following the uncertainties and challenges created by the COVID-19 pandemic, until at least the end of 2021.

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.

The directors have taken steps to utilise the various support mechanisms, such us redundancy funds or equivalent and soft loan specifically foreseen by governments to support companies during the general global economy slowdown due to COVID-19. Moreover, the directors considers several options in terms of regional and European grants able to provide funding in the following months to sustain the R&D activities. Operational and financial KPI are strictly monitored.

Having regard to the above, and based on their latest assessment of the budgets and forecasts for the business of the company, the directors consider that there are sufficient funds available to the Group to enable it to meet its liabilities as they fall due for a period of not less than twelve months from the date of approval of the financial statements. The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

b) Basis of consolidation
I. Business combination
The Group accounts for business combination using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair value of the assets acquired, liabilities incurred

or assumed and equity instruments issued. Costs attributable to the business combination are expensed as incurred.

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

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

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

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

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

II. Subsidiaries
Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control
.
The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

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

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

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

d) Use of estimates and judgements
The preparation of the financial statements in conformity with IFRS, as adopted by the EU, 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, 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 assumptions that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk of resulting in a material adjustment within the next financial year are as follows:

I. Carrying value of capitalised development costs

The carrying value of capitalised development costs is reviewed whenever events or changes in circumstances indicate that that the carrying value of an asset may not be recoverable and at a minimum at each reporting date. The Group capitalises development costs provided the recognition conditions meet the criteria set out in IAS 38. During the year costs have been capitalised in relation to projects to enhance and develop the production process and the industrial application for G+ Graphene. The majority of the capitalised costs relate to internal employee costs and Management are able to separately identify time spent on these projects through the group's internal time card management program. Management and the directors continually assess the commercial potential of the technology and products in development. The costs capitalised in period have resulted in the development of new IP and Management has assessed that there is sufficient evidence to support that economic benefit will flow.

II. Defined benefit scheme

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

III. Revenues recognition

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

IV. Business combination

Control assessments are performed by the management, per the requirements of IFRS 10, to establish control in the business combination. Management believe that Directa Plus SpA has control of Setcar SA under IFRS 10 provisions based on the following:

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

Based on the control provided in the measures above:

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

Business combinations are accounted for using the acquisition method of accounting. The determination of fair value of acquired assets and liabilities often requires management to make estimates and assumptions. The excess of the purchase price over the estimated fair value of the net assets acquired is then assigned to goodwill. Goodwill is assigned to individual CGUs based on the relative fair value and/or the CGUs that are expected to benefit from the synergies of the business combination. Refer to note 4 for further details in acquisitions.

Sales order backlog has been recognised as an intangible. Whilst there are long term framework agreements in place with customers, Management have considered a short useful economic life to reflect that purchase orders can vary annually and there are no guaranteed orders for longer than one year.

e) New standards adopted for the period

I. IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 "Leases" ("IFRS 16"), which requires entities to recognise right-of use ("ROU") assets and lease obligations on the statement of financial position. The Group adopted IFRS 16 on 1 January 2019 using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information, instead recognising the cumulative effect as an adjustment to the opening retained earnings and the Group applied the standard prospectively.

The Group has applied the standard while using the following optional expedients permitted under the standard:

- Short-term leases – those with terms of 12 months or less at date of adoption
- Low-value leases

On 1 January 2019, the Group recognised a cumulative increase to ROU assets of €0.57 million for leases previously classified as operating leases, directly offset to the lease obligations. The weighted average borrowing rate used to determine the lease obligation at adoption was approximately 2.5%. The assets and lease obligations related to the adoption of IFRS 16, relate to the production facility.

The Company depreciates the ROU assets on a straight-line basis over the length of the lease unless management determines this is not representative of the useful life, in which case, management will estimate the useful life of the asset to be used.

Minimum operating lease commitments as at 31 December 2018	59,083
Less: short-term leases not recognised under IFRS 16	(5,083)
Plus: effect of extension options reasonably certain to be exercised	438,000
Undiscounted lease payments	492,000
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(35,181)
Lease liabilities for leases classified as operating type under IAS 17	456,819
Plus: leases previously classified as finance type under IAS 17	115,132
Lease liability as at 1 January 2019	**571,951**

II. IFRIC 23

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings. The adoption of this standard has had no effect on the financial results of the Group.

2. Significant accounting policies

a) Functional and foreign currency

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

I. Transaction and balances

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

b) Financial instruments

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

I. Trade and other receivables and amounts due from subsidiaries

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

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

The Group always recognises lifetime ECL on trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current

as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

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

III. Trade and other payables
Trade payables are stated at their amortised cost.

IV. Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. 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.

c) Share capital

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

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

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

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

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

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

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

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

The estimated useful lives of significant items of property, plant and equipment are as follows:
- IT equipment from 3 to 5 years
- Industrial equipment, office equipment and plant and machinery from 5 to 10 years

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

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

Patent rights acquired and development expenditure are recognised at cost.

Expenditure on internally developed products is capitalised if it can be demonstrated that:
- it is technically feasible to develop the product

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

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

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

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

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

I. Amortisation

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

- Patents and research and development costs concerning G+ technology, are amortised over the lower of the legal duration of the patent (typically 20 years) and the economic useful life. These are currently amortised over 10 years.
- Brand: 25 years
- Orderbook: 1 year
- Others: 1 year

f) Inventories

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

g) Goodwill

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

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

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

h) Impairment

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

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

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

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

i) Employee benefits

Defined benefit scheme surpluses and deficits are measured at:

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

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

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

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

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

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

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

For more information please see note 20.

j) Revenues

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

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

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

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

- Revenues from sale of graphene based products are typically recognised at a point in time when goods are delivered to the customer as with this, the customer gains the right of control over the goods. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer.
- Revenues from sale of equipment (such as Mobile Production Units) are typically recognised at point in time when goods are delivered to the customers and site acceptance test is successfully performed.
- Revenues from services relates mainly to environmental services provided by Setcar which are recognised:
    - on an over time basis when contracts include an obligation to process waste once the process occurred according with the contract in place.
    - at the point in time when the waste is delivered to our platform with no further performance obligations.

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

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

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

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

m) Investments in subsidiaries (Company only)
Investments are stated at their cost less any provision for impairment (then refer to h) Impairment).

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.

3. Operating segments
IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers (CEO, CFO, COO and CTO), as defined in IFRS 8, in order to allocate resources to the segments and to assess its performance.

For management purposes, considering also the materiality the Group is organised into the following segments:

- Textile
- Environmental
- Others

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

Segment profit/(loss) represents the profit/(loss) earned by each segment, including all the direct costs that are directly correlated with the segment. Overhead, assets and liabilities not directly attributable to a specific segment have been allocated as Head Office. As the business evolves this is an area that will be assessed on a regular basis and additional segmental reporting will be provided at the appropriate time.

2019

	Textile	Environmental	Others	Head office	Consolidated
Revenue	1,650,534	876,398	104,888	-	2,631,819
Cost of Sales*	(1,138,022)	(329,651)	10,450	-	(1,457,223)
Gross Profit	**512,512**	**546,747**	**115,337**	**-**	**1,174,596**
Other income	116,062	9,180	57,792	-	183,033
Other expenses:					
R&D expense	(240,592)	(149,165)	(110,960)	-	(500,718)
Advisory	(58,504)	(1,696)	-	(1,018,924)	(1,079,124)
Operating expenses	(945,743)	(682,113)	(556)	(867,322)	(2,495,734)
Depreciation & amortisation	(525,334)	(263,345)	(48,376)	-	(837,055)
Operating Loss	**(1,141,599)**	**(540,393)**	**13,237**	**(1,886,246)**	**(3,555,002)**
Financial costs	-	-	-	128,563	128,563
Tax	-	25,225	-	-	25,225
Loss of the year	**(1,141,599)**	**(515,168)**	**13,237**	**(1,757,683)**	**(3,401,214)**
Total Assets	13,655,846	7,029,252	1,316,061	-	22,001,159
Total Liabilities	(2,502,635)	(4,125,358)	(198,283)	-	(6,826,276)

2018

	Textile	Environment	Others	Head office	Consolidated
Revenue	1,664,847	382,931	205,515	-	2,253,293
Cost of Sales*	(1,426,378)	(84,137)	(145,066)	-	(1,655,581)
Gross Profit	**238,469**	**298,793**	**60,449**	**-**	**597,712**
Other income	57,899	71,334	-	119,462	248,695
Other expenses:					
R&D expense	(226,744)	(101,400)	(119,540)	-	(447,684)
Advisory	(187,362)	(46,674)	(15,412)	(656,597)	(906,045)
Operating expenses	(798,009)	(184,027)	(83,256)	(1,626,254)	(2,729,886)
Depreciation & amortisation	(490,609)	(129,367)	(58,527)	-	(678,503)
Operating Loss	**(1,406,357)**	**(91,341)**	**(216,286)**	**(2,163,388)**	**(3,915,711)**
Financial costs	-		-	(40,703)	(40,703)
Tax	(414)		-	-	(414)
Loss of the year	**(1,406,771)**	**(91,341)**	**(216,286)**	**(2,204,091)**	**(3,956,828)**
Total Assets	7,969,050	278,190	2,708,058	-	10,955,298
Total Liabilities	(2,234,212)	(11,604)	(468,072)	-	(2,713,888)

*Includes changes in inventories of finished goods

	2019	2018
	€	€
Sale of products	1,732,074	2,066,876
Sale of services	899,746	186,417
Government grants	58,762	129,232
Other	124,271	119,463
Total Income	**2,814,853**	**2,501,988**

Geographical breakdown of revenues are:

	2019	2018
	€	€
Italy	1,642,122	1,840,139
Romania	850,738	192,840
Rest of the world	138,959	220,314
Total	**2,631,819**	**2,253,293**

The Group has transacted with two main customers in 2019, which account for more than 10% of Group revenues for sales of products and services. This largest customer's revenues amount to €947,828 (33%), whilst the next highest revenue earning customer provided €413,851 (15%). 23% of the Group's revenues for sales of products and services were recognised on an over time basis.

Other Income of €183,033 includes Government Grants for €58,762 and R&D Expenditure Credit (RDEC) for €100,706. 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. Business combination

On 25 November 2019 Directa Plus S.p.A. ("DP") acquired 51% of the issued share capital of Setcar SA ("Setcar") in order to integrate the control over the environmental services value chain becoming able to provide directly, as Group, water treatment and soil treatment services. DP management has performed a control assessment as required under IFRS10 – Consolidated Financial Statement and concluded that DP directs the relevant activities of Setcar and, by virtue of this, has control over Setcar SA (details covered in the Key Judgement section").

Setcar's Balance sheet	Book Value	Adjustment	Fair value
	000 EUR	000 EUR	000 EUR
Non-current assets			
Setcar brand	68	317	385
Order backlog	-	181	181
Other intangible assets	-	17	17
PPE	2,329	1,118	3,447
Non-current receivables	118	-	118
Total non-current assets	**2,514**	**1,633**	**4,147**
Total current assets	**1.448**	**-**	**1,448**
Total assets	**3,962**	**1,633**	**5,595**
Net assets	**2,337**	**1,472**	**3,810**
Non-current liabilities			
Loans and Borrowings non-current	90	-	90
Provisions non-current	67	-	67
Deferred tax liabilities	-	161	161
Total non-current liabilities	**157**	**161**	**318**
Total current liabilities	**1,467**	**-**	**1,467**
Total liabilities	**1,625**	**161**	**1,785**

Current assets include cash and cash equivalent at the date of acquisition equal to €174,801. On Completion, Directa Plus Plc paid their share (51%) of €600,000. Total cash paid less cash and cash equivalent acquired is €137,345.

Measurement of fair value
The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Asset	Valuation Technique
Property - Office Buildings	Income approach - rent capitalisation
Property - Industrial platform and land	Market approach
Plant and Equipment	Cost approach
Orderback log	Income approach - MEEM (Multiperiod excess earnings method)
Brand	Royalties method

The Company used an independent specialist to assist the Management with the calculation of the fair value on a per asset basis. The revaluation amounted to the fair value uplift of assets is €1.6 million (excluding deferred tax liabilities) with fair value of net assets acquired of €3.8 million and goodwill of €0.3 million.

Consideration transferred
The Setcar's assets and liabilities were acquired for a consideration price of €2.1 million paid in cash to the Sellers as follows:

- €0.6 million upon Completion.
- €0.4 million on 30 April 2020 - Payment of the Second Instalment will be subject to maintaining the Net Asset Value of the Company as of Completion Date at a level at least equal to the Net Asset Value of the Company from the date of the Accounts.
- €0.85 million on the first anniversary of Completion - The payment of the Third Instalment will be performed provided that within one year after the Completion Date it is not proven that any of the Seller's Warranties listed in Annex 2 of this Agreement was incorrect, inaccurate, incomplete or misleading;
- €0.25 million on the second anniversary of Completion. - representing a security for Warranty Claims that may be raised against the Company and/or the Sellers.

Following Completion, DP and GVC provide a €2 million loan to Setcar, in proportion to their respective shareholdings in the company, in order to facilitate the payment of a €2 million dividend to the vendors of Setcar.

The total purchase consideration is therefore equal to a €4.1 million, of which the consideration payable by the Company is €2.1 million.

Based on the financial due diligence undertaken, Management has estimated that the full contingent consideration will be paid as no expectation of the decline in the Net Asset Value in Setcar or any warranties have arisen.

Detailed calculation as follows:

Purchase goodwill calculation

EUR 000	**Indicative fair value**
Total purchase consideration	**2,107**
Consideration paid by NCI	1,985
Book value of assets acquired	3,962
Fair value adjustment on assets acquired	1,633
Fair value of assets acquired	**5,595**
Book value of liabilities assumed	(1,624)
Contingent and unrecorded liabilities assumed	-
Indicative net deferred tax adjustment	(161)
Fair value of liabilities assumed	**(1,785)**
Fair value of net assets acquired	**3,810**
Indicative purchase goodwill	**282**

If the acquisition would have occurred on 1 January 2019:

- increased of consolidated revenue for the eleven months ended 25 November 2019 would have been €3.2 million
- increased of consolidated loss for the eleven months ended 25 November 2019 would have been €0.3 million

5. Government Grants

Information regarding government grants:

	2019	2018
	€	€
Grata	5,262	57,899
Ecopave	53,500	71,333
Total	**58,762**	**129,232**

In relation to government grants (Grata and Ecopave), the operational activities refer to FY19 and related to these projects have been completed. Company has complied with the relevant conditions of the grants.

The key terms of Government grants are:

	Grata	Ecopave
Starting date	2017	2017
Ending date	2019	2020
Duration (months)	31	36
Total amount	126,324	214,000
Final report submitted and accepted	Yes	Project still on-going

There are no capital commitments built into the ongoing grants. Government grants have been recognised in Other Income.

6. Inventory

	2019	2018
	€	**€**
Finished products	825,920	750,853
Spare Parts	110,393	102,400
Raw material	19,162	9,031
Working in progress	140,461	-
Total	**1,095,936**	**862,284**

As at 31 December 2019 total inventory value is higher than 2018, the movement is mainly driven by Setcar's working in progress which refers to cost and services sustained for ongoing projects.. Spare parts inventory was required to enhance maintenance efficiency and is composed of a small number of critical items with a material cost per unit.

7. Raw materials and consumables

	2019	2018
	€	€
Raw material & consumables	236,191	170,007
Textile products	949,169	1,129,071
Total	**1,185,360**	**1,299,078**

Total raw materials and consumables are €1,185,360 (2018: €1,299,078) of which €949,169 (2018: €1,129,071) refers to textile products.

8. Employee benefits expenses

	2019	2018
	€	€
Wages and salaries	1,741,293	1,557,471
Social security costs	442,893	384,998
Employee benefits	94,239	84,779
Share option expense	(13,652)	165,611
Other costs	5,998	18,346
Total	**2,270,771**	**2,211,205**
Capitalised cost in "Intangible assets"	(121,848)	(98,555)
Total charged to the Income Statement	**2,148,923**	**2,112,650**

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

	2019	2018
Sales and Administration	12	8
Engineering, R&D and production	26	17
Total	**38**	**25**

The total number of employees, employed by the Group on 31 December 2019 was 169 (2018: 27), 143 were Setcar's employees.

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

	2019	2018
	€	€
	775,708	828,311
Total	**775,708**	**828,311**

A detailed analysis of the remuneration of the directors is detailed within the Directors' Remuneration Report

9. Results from operating activities
Results from operating activities includes:

	2019	2018
	€	€
Audit of the Group and Company financial statements	81,997	41,180
Audit of the subsidiaries' financial statements	31,500	18,000
Other non-audit services provided by Group's auditor	4,528	2,292
Tool Manufacturing	179,614	282,352
Travel	221,397	193,771
Technical consultancies	427,362	478,879
Marketing	26,804	172,382

Tool manufacturing expenses are referred mainly to fabrics printing service and decreased to €179,614 (2018: €282,352) thanks to the negotiation of new contracts with the suppliers. Technical consultancies and travel are approximately in line with previous year expenditure, meanwhile Marketing expenses decreased to €26,804 (2018: €172,382) due to the suspension of the relationship with the existing agency in Italy in 2019 to remap marketing activities for the 2020 year.

11. Net Finance expenses
Finance expenses include:

	2019	2018
	€	€
Interest Income	(3,988)	(4,440)
Interest on loans and other financial costs	10,454	8,499
Interest on financial leasing	16,700	7,830
Interest cost for benefit plan	8,819	7,145
Foreign exchanges losses/(gains)	(160,548)	21,669
Total	**(128,563)**	**40,703**

Foreign exchange income of €160,548 (2018: €21,669) are mainly related to Sterling to Euro movement in the Group's Sterling bank account.

12. Taxation

	2019	2018
	€	€
Current tax expense	449	414
Deferred tax expense/ (recovery)	(25,674)	-
Total tax expenses	**(25,225)**	**414**

Reconciliation of tax rate

	2019	2018
	€	€
Loss before tax	(3,426,439)	(3,956,414)
Italian statutory tax rate	24%	24%
	(822,345)	(949,539)
Impact of temporary differences	62,887	42,327
Losses recognised	(37,662)	(41,913)
Impact of tax rate in foreign jurisdiction	27,942	38,960
Losses not utilised	794,403	910,579
Total tax expenses	**(25,225)**	**414**

Tax losses carried forward have been recognised as a deferred tax asset up to the point that they are recoverable against taxable temporary differences. All other tax losses are carried forward and not recognised as a deferred tax asset due to the uncertainty regarding generating future taxable profits. Tax losses carried forward are €24,040,737 (€ 20,467,507 in 2018).

13. Intangible assets

Cost	**Development Cost**	**Patents**	**Goodwill**	**Others**	**Brands**	**Total**
	€	**€**	**€**	**€**	**€**	**€**
Balance at 31/12/2016	**2,426,042**	**197,250**	**22,268**	**29,408**	**-**	**2,674,968**
Additions	82,064	47,394	-	2,393	-	132,450
Balance at 31/12/2017	**2,508,106**	**244,643**	**22,268**	**32,401**	**-**	**2,807,418**
Additions	123,305	77,269	-	12,500	-	213,074
Balance at 31/12/2018	**2,631,411**	**321,912**	**22,268**	**44,901**	**-**	**3,020,492**
Additions	121,848	116,021	-	14,600	-	252,469
Acquired through acquisition	11,765	-	281,284	190,079	384,124	867,252
Balance at 31/12/2019	**2,765,023**	**437,933**	**303,552**	**249,580**	**384,124**	**4,140,213**
Amortisation						
Balance at 31/12/2016	**882,901**	**45,210**	**-**	**18,811**	**-**	**948,367**
Amortisation 2017	257,101	24,464	-	5,177	-	286,742
Balance at 31/12/2017	**1,140,002**	**69,674**	**-**	**23,988**	**-**	**1,235,109**
Amortisation 2018	279,289	32,191	-	6,424	-	317,905
Balance at 31/12/2018	**1,419,291**	**101,865**	**-**	**30,312**	**-**	**1,553,014**
Amortisation 2019	312,504	43,483	**-**	22,357	6,402	**384,746**
Balance at 31/12/2019	**1,731,795**	**145,348**	**-**	**52,769**	**6,402**	**1,937,761**

Carrying amounts						
Balance 31/12/2017	1,368,104	174,969	22,268	6,969	-	1,572,309
Balance 31/12/2018	1,212,120	220,046	22,268	14,489	-	1,467,478
Balance 31/12/2019	1,033,228	292,584	303,552	196,811	377,722	2,202,452

As disclosed in note 1(d) development costs capitalised in the year are mainly based on time spent by employees who are directly engaged in the development of the G+® technology.

Management has assessed the goodwill for impairment as at 31 December 2019. Given the short period between the valuation of acquisition and the year-end, no impairment has been noted.

14. Property, plant and equipment

Cost	Industrial Equipment	Computer Equipment	Office Equipment	Plant &Machinery	Land	Asset right of use	Under constr.	Total
	€	€	€	€	€	€	€	€
Balance at 31/12/2016	**138,660**	**33,646**	**84,171**	**1,880,994**	**-**	**-**	**-**	**2,137,471**
Additions	21,909	2,218	19,549	304,591	-	-	-	348,267
Balance at 31/12/2017	**160,570**	**35,864**	**103,720**	**2,185,585**	**-**	**-**	**-**	**2,485,739**
Additions	11,822	9,573	3,600	110,041	-	-	-	135,036
Balance at 31/12/2018	**172,392**	**45,437**	**107,320**	**2,295,626**	**-**	**-**	**-**	**2,620,775**
Additions	32,052	11,117	55,131	123,843	-	456,819	-	678,962
Acquired from acquisition	1,031,249	-	17,018	1,782,559	608,395	-	2,445	3,441,666
Balance at 31/12/2019	**1,235,693**	**56,554**	**179,469**	**4,202,028**	**608,395**	**456,819**	**2,445**	**6,741,402**
Depreciation								
Balance at 31/12/2016	**53,353**	**21,138**	**19,018**	**760,778**	**-**	**-**	**-**	**854,287**
Depreciation 2017	25,615	4,324	14,092	303,008	-	-	-	347,039
Balance at 31/12/2017	**78,968**	**25,462**	**33,110**	**1,063,786**	**-**	**-**	**-**	**1,201,326**
Depreciation 2018	26,661	4,857	15,145	310,351	-	-	-	357,014
Balance at 31/12/2018	**105,629**	**30,319**	**48,255**	**1,374,137**	**-**	**-**	**-**	**1,558,340**
Depreciation 2019	89,702	5,794	19,332	263,344	-	76,136	-	452,309
Balance at 31/12/2019	**193,331**	**36,114**	**67,587**	**1,637,482**	**-**	**76,136**	**-**	**2,010,649**
Carrying amounts								
Balance 31/12/2017	81,601	10,402	70,610	1,121,799	-	-	-	1,284,412
Balance 31/12/2018	66,763	15,118	59,065	921,489	-	-	-	1,062,435
Balance 31/12/2019	1,042362	20,440	111,882	2,564,546	608,395	380,683	2,445	4,730,753

Asset held under financial leases with a net book value of € 533,957 are included in the above table within Plant & Machinery.

15. Investments in subsidiaries

Details of the Company's subsidiaries as at 31 December 2018 are as follows:

Subsidiaries	Country	Principal activity	Shareholding 2019	Shareholding 2018
Directa Plus Spa	Italy	Producer and supplier of graphene based materials and related products	100%	100%
Directa Textile Solutions Srl	Italy	Commercialise textile membranes, including graphene-based technical and high-performance membranes	60%	60%

Setcar S.A.	Romania	Waste management and decontamination services business	51%	-

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

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

	Directa Spa
At 31 December 2017	**14,180,336**
Additions	2,000,000
At 31 December 2018	**16,180,336**
Additions	5,000,000
At 31 December 2019	**21,180,336**

16. Trade and other receivables

Current

	Group		Company	
	2019	**2018**	**2019**	**2018**
	€	€	€	€
Account receivables	2,169,307	1,367,425	-	-
Tax Receivables	460,521	374,673	44,117	31,634
Other receivables	313,458	317,119	159,287	129,960
Total	**2,943,286**	**2,059,217**	**203,404**	**158,594**

Non-Current

	Group		Company	
	2019	**2018**	**2019**	**2018**
	€	€	€	€
Other receivables	109,698	-	-	-
Total	**109,698**	**-**	**-**	**-**

Group account receivables of €2,169,308 are mainly composed by three major clients, which cover 77% of the total amount.

Group Tax Receivables are composed of Italian VAT receivables of €177,952, UK VAT receivables of €44,117, Setcar VAT receivables of €137,746 and a RDEC Tax Credit receivable of €100,707.

Other receivables are mainly composed of governments grants €182,715 and prepayments €126,704.

Non-current other receivables of €109,698 refer to specific projects where the collection of a certain amount, although due, is postponed to the end of the project itself.

As at 31 December 2019 the ageing of account receivables was:

Days overdue	**2019**	**2018**
	€	€
0-60	1,929,268	1,306,070
61-180	154,397	54,418
181-365 +	124,492	26,569
Allowance of impairment	(38,849)	(19,631)
Total	**2,169,308**	**1,367,425**

In 2019, 89% of account receivables have an ageing less of 60 days and refers to an order delivered close to the year end.

As at 31 December 2019 the Group recognised provision for €19,218.

17. Deferred tax liabilities

	2019	2018
	€	€
Deferred tax liabilities	294,191	195,504
Deferred tax assets – losses	(159,132)	(195,504)
Total	**135,059**	**-**

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

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

	2019	2018
	€	€
Deferred tax liabilities cost capitalised	156,695	191,885
Deferred tax liabilities other	2,437	3,619
Deferred tax liabilities arising from acquisition	135,059	-
Deferred tax assets – losses exc. Setcar	(159,132)	(195,504)
Total	**135,059**	**-**

18. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Cash at bank	10,890,718	5,503,568	7,669,360	3,968,016
Cash in hand	15,357	316	-	-
Total	**10,906,075**	**5,503,884**	**7,669,360**	**3,968,016**

19. Equity

	2019	2018
	€	€
Share Capital	190,512	154,465
Share Premium	31,395,612	22,104,240
Foreign currency translation reserve	4,147	-
Retained earnings	(17,656,325)	(14,044,656)
Non-controlling interests	1,240,194	27,361
Balance at 31 December	**15,174,139**	**8,241,410**

Share Capital

	Number of Ordinary Shares	Share Capital (€)
At 31 December 2017	**44,212,827**	**142,628**
Share issue on 17 December 2018 – capital raise *	4,256,000	11,837
At 31 December 2018	**48,468,827**	**154,465**
Share issue on 09 January 2019 – capital raise **	2,647,609	7,350
Share issue on 21 October 2019 – capital raise ***	9,882,547	28,697
At 31 December 2019	**60,998,983**	**190,512**

* On 17 December 2018, 4,256,000 ordinary shares with a nominal value of £0.0025 each were issued as effect of the Company's capital raise.
** On 09 January 2019, 2,647,609 ordinary shares with a nominal value of £0.0025 each were issued as effect of the Company's capital raise.
*** On 21 October 2019, 9,882,547 ordinary shares with a nominal value of £0.0025 each were issued as effect of the Company's capital raise.

Share Premium

In euro	Share premium
	€
At 31 December 2017	**19,973,996**
Shares issued on 18 December 2018	2,355,548
Expenditure relating to the raising of shares	(225,304)
At 31 December 2018	**22,104,240**
Shares issued on 18 January 2019	1,462,728
Expenditure relating to the raising of shares	(140,939)
Shares issued on 21 October 2019	8,580,393
Expenditure relating to the raising of shares	(610,808)
At 31 December 2019	**31,395,612**

On 09 January 2019, 2,647,609 ordinary shares with a share premium value of £0.7475 each were issued as effect of the Company's capital raise and the amount of €1,462,728 was credit to Share premium reserve. Expenditure of €140,939 referred to direct cost related to the raising of shares was deducted from the share premium.

On 21 October 2019, 9,882,547ordinary shares with a share premium value of £0.7475 each were issued as effect of the Company's capital raise and the amount of €8,580,393 was credit to Share premium reserve. Expenditure of €610,808 referred to direct cost related to the raising of shares was deducted from the share premium.

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 €4,147.

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 at 31 December 2019 it is composed of 49% of Setcar S.A. and 40% of Directa Textile Solutions Srl.

20. Loans and borrowings

	Group		Company	
	2019	**2018**	**2019**	**2018**
	€	€	€	€
Loans and borrowings	484,701	168,701	-	-
Total	**484,701**	**168,701**	**-**	**-**

	2019	Current	Non-current	Repayment	Interest rate
	€	€	€		
BANK OF TRANSILVANIA	353,506	353,506	-	12-months	ROBOR 6M + 6.52%/year
GVC INVESTMENT COMPANY LMT	124,537	-	-	12-months	6%/year

Reconciliation of liabilities arising from financing activities

		Cash flows		Non Cash flows		
	01 January 2019 €	Interest Paid €	Capital Repayment €	Accrued Interest €	Liabilities acquired €	31 December 2019 €
Borrowings	168,701	(1,167)	(162,043)	1,167	478,043	484,701
Total	**168,701**	**(1,167)**	**(162,043)**	**1,167**	**478,043**	**484,701**

21. Leases liabilities

The following table details the movement in the Group's lease obligations for the period ended 31 December 2019:

	2019 €	2018 €
Non-current lease liabilities	439,690	57,011
Current lease liabilities	184,900	58,121
Total	**624,590**	**115,133**

In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17, 'Leases'; according to the new adoption of IFRS 16 in FY2019 the group has also realised additional Right of use assets, liabilities and depreciation expenses. The assets are presented in property, plant and equipment in note 11.

22. Employee benefits provision

	2019 €	2018 €
Employee benefits	416,095	335,132
Total	**416,095**	**335,132**

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 2018 and 2019 is as follows:

€

Amount at 31 December 2017	**282,031**
Service cost	52,059
Interest cost	7,145
Actuarial gain/losses	(1,219)
Past service cost	-
Benefit paid	(4,883)
Amount at 31 December 2018	**335,132**
Service cost	65,788
Interest cost	8,819
Actuarial gain/losses	12,802
Past service cost	-
Benefit paid	(16,007)
Amount at 31 December 2019	**406,534**

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

	2019	2018
Annual rate interest	2.30%	2.30%
Annual rate inflation	1.10%	1.10%
Annual increase TFR	7.41%	7.41%
Tax on revaluation	17.00%	17.00%
Social contribution	0.50%	0.50%
Increase salary male	1.20%	1.20%
Increase salary female	1.15%	1.15%
Rate of turnover male	1.70%	1.70%
Rate of turnover female	1.50%	1.50%

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

Actuarial hypothesis - 2019			Decrease 10% Variation		Increase 10% Variation
		Rate	DBO €	Rate	DBO €
Increase salary	Male	1.08%	(3,079)	1.32%	3,119
	Female	1.04%		1.27%	
Turnover	Male	1.53%	(2,724)	1.87%	2,619
	Female	1.35%		1.65%	
Interest rate		2.07%	11,201	2.53%	(10,631)
Inflation rate		0.99%	(3,203)	1.21%	3,219

23. Trade and Other payables

Non-current

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Other payables	66,629	-	-	-
Contingent consideration at fair value through P&L	130,061	-	-	-
Total	**196,690**	**.**	**-**	**-**

Current

	Group 2019 €	Group 2018 €	Company 2019 €	Company 2018 €
Trade payables	1,055,856	1,459,732	1,702	15,397
Employment costs	419,331	482,357	-	-
Other payables	2,831,436	152,833	81,997	87,988
Contingent consideration at fair value through P&L	650,303	-	-	-
Total	**4,956,926**	**2,094,922**	**83,699**	**103,385**

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

24. Financial instruments
Financial risk management
The Group's business activities expose the Group to a number of financial risks

a) Market risk
Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in interest rates or foreign exchange rates. As at 31 December 2019 the Group is only exposed to variable interest

rate risk for a short term revolving loan. If the interest rate had increased or decreased by 100 basis points during the year the reported loss after taxation would not have been materially different to that reported.

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

c) Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributable to its trade receivables.

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, 89% of account receivables have an ageing less of 60 days and refers to orders delivered close to the year end. As at 31 December 2019 the Group recognised a bad debt provision for €19,218.

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	2019	2018
		€	€
Trade receivables	16	2,169,308	1,367,425
Cash and cash equivalent	18	10,906,076	5,503,884
Total		**13,075,384**	**6,871,309**

The largest customer within trade receivables account for 18.6% of debtors. Management continually monitor 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.

2019	**Carrying amount**	**Up to 1 year**	**1 -5 years**
	€	€	€
Financial liabilities			
Trade payables	1,055,856	1,055,856	-
Lease Liabilities	649,287	193,598	455,689
Loans	484,701	484,701	-
Total	**2,189,844**	**1,734,155**	**455,689**

2018	Carrying amount €	Up to 1 year €	1 -5 years €
Financial liabilities			
Trade payables	1,459,732	1,459,732	-
Debts for financial leasing	118,325	61,735	56,590
Loans	168,701	168,701	
Total	**1,746,758**	**1,690,168**	**56,590**

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	4,483,520

As at 31 December 2019 if the exchange rate EUR/GBP increase by 10% the impact on P&L would be a loss equal to €0.41 million (if decrease by 10% would be a profit equal to €0.50 million).

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

25. Earnings per share

	Change in number of ordinary shares	Total number of ordinary shares	Days	Weighted number of ordinary shares
At 01 January 2015	**-**	**503,100**	**-**	**20,124,000**
Existing shares		503,100	140	7,697,705
Share sub-division on 19 May 2016	19,620,900	20,124,000	8	439,869
Issued on 27 May 2016	24,088,827	44,212,827	218	26,334,416
At 31 December 2016	**43,709,727**	**44,212,827**	**366**	**34,471,990**
At 31 December 2017		**44,212,827**	**365**	**44,212,827**
Existing shares		44,212,827	351	42,516,993
Issued on 18 December 2018	4,256,000	48,468,827	14	1,859,078
At 31 December 2018	**4,256,000**	**48,468,827**	**365**	**44,376,071**
Existing shares		48,468,827	9	1,195,122
Issued on 09 Jan 2019	**2,647,609**	**51,116,436**	**285**	**39,912,834**
Issued on 21 Oct 2019	**9,882,547**	**60,998,983**	**71**	**11,865,556**
At 31 December 2019	**12,530,156**	**60,998,983**	**365**	**52,973,511**

	Basic		**Diluted**	
	2019 €	**2018** €	**2019** €	**2018** €
Loss attributable to the owners of the Parent	(3,585,215)	(3,961,259)	(3,401,214)	(3,956,828)
Weighted average number of ordinary shares in issue during the year	52,973,511	44,376,071	53,054,737	44,376,071
Fully diluted average number of ordinary shares during the year	52,973,511	44,376,071	53,054,737	44,376,071
Loss per share	(0.07)	(0.09)	(0.07)	(0.09)

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

26. Share Schemes
The Company established the Employees' Share Scheme for employees and executive directors and the NED Share Scheme for the Chairman and non-executive directors on 19 May 2016. The Employees' Share Scheme is administered by the Remuneration Committee. The NED Share Scheme is administered by the Executive Directors.

The Directors are entitled to grant awards over up to 10 per cent of the Company's issued share capital from time to time. Awards over a total of 1,675,609 Ordinary Shares were granted on or around the date of Admission (27 May 2016). No awards have yet been exercised, leaving a total of 1,639,877 outstanding as at the year end, as cancellation occurred for those employees who left the Group in 2018. The main terms of the Share Schemes are set out below:

Eligibility
All persons who at the date on which an award is granted under the Employees' Share Scheme are employees (or employees who are also office-holders) of a member of the Group and are eligible to participate. The Board may also grant market value share options to non-executive directors under the NED Share Scheme. The Remuneration Committee decides to whom awards are granted under the Employees' Share Scheme, the number of Ordinary Shares subject to an award, the exercise date(s) (subject to the below) and the performance conditions (if any) which must be achieved in order for the award to be exercisable.

Types of Award
Awards granted under the Employees' Share Scheme can take the form of performance shares and/or market value share options. "Performance shares" are share options with an exercise price equal to the nominal value of a share, while "Market value share options" are share options with an exercise price equal to the market value of a share at the date of grant. The right to exercise the award is generally dependent upon the participant remaining an officer or employee throughout the performance period and, except in the case of market value share options granted to the Chairman or non-executive directors, the satisfaction of performance conditions. This is subject to the good leaver provisions described below. Awards granted under the Share Schemes will not be pensionable.

Individual Limits
The value of Ordinary Shares over which an employee or executive director may be granted awards under the Employees' Share Scheme in any financial year of the Company shall not exceed 200 per cent of his basic rate of salary at the date of grant. The value of Ordinary Shares over which a non-executive director may be granted market value share options under the NED Share Scheme in any financial year of the Company shall not exceed 150 percent of his annual rate of fees.

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

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

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

Vesting of awards
Awards will vest on the third anniversary of the date of grant to the extent that the performance targets have been met. Vested awards may generally be exercised between the third and tenth anniversaries from the date of grant.

The inputs to the Black-Scholes model were as follows:

Black Scholes Model	31 Dec 2019 Market value shares	31 Dec 2019 Performance shares
Share price	69p	-
Exercise price	75p	-
Expected volatility	36%	-
Compounded Risk-Free Interest Rate	4.25%	-
Expected life	3 years	-
Number of options issued*	60,000	-

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

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

	Outstanding at start of period	Granted during the period	Cancelled during the period	Expired during the period	Vested during the period	Outstanding at end of period	Exercisable period option price	Grant date	Exercisable date
31 December 2017	**1,675,610**	**60,000**	**-**			**1,735,610**			
	-	**-**	**(95,733)**			**(95,733)**			
31 December 2018	**1,735,610**		**(95,733)**			**1,639,877**			
		-	**(25,523)**	**(733,066)**	**(821,288)**				
31 December 2019	**1,639,877**		**(25,523)**	**(733,066)**	**(821,288)**	**60,000**	75p	12 May 2017	12 May 2020

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

27. Related parties

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'.

	2019 €	**2018** €
Short-term employee benefits and fees	251,353	235,646
Social security costs	69,037	64,819
	320,390	300,465

For Directors remuneration please see Director's Remuneration Report.

28. Contingent Liabilities and Commitments

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

	2019 €	**2018** €
Bank guarantees	114,440	105,640
Total	**114,440**	**105,640**

29. Post Balance Sheet events

The COVID-19 pandemic has had a significant, immediate impact on the global economies and on the operations. It is considered a non-adjusting post balance sheet event as the WHO called the Pandemic on 11th March 2020.

The COVID-19 pandemic has not, to date, had a significant adverse impact on the Group's operations but the directors are aware that if the current situation becomes prolonged then this may change. Management believes that the Group has the systems and protocols in place to address these challenges. 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.

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