25 September 2024

Directa Plus plc

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

Half year Report for the Period Ended 30 June 2024

Directa Plus (AIM: DCTA), a leading producer and supplier of graphene-based products for use in consumer and industrial markets, announces its half year results for the six months ended 30 June 2024.

Financial highlights

- Revenue €3.39m (H1 2023: €4.59m), decreased mainly due to delayed commencement of some large contracts and strategic refocusing on higher value contracts
- Total income €3.45m (H1 2023: €4.73m)
- Contribution margin* improved to 52% (H1 2023 44%), with measures in place to further improve
- EBITDA loss** €1.81m (H1 2023: €1.25m)
- Loss before tax €2.48m (H1 2023: €1.91m)
- Cash at period end €0.93m (FY23: €2.39m), prior to the proceeds from the recent capital raise received in early July 2024. Cash at end August 2024: €6.06 million
- Completed £6.9m capital raise in June 2024, supporting the acquisition of the minority interests in Setcar and financial resources to fund growth, invest in line with strategic plan and accelerate the path to profitability

** Contribution margin is a managerial metric calculated as (Revenue – Direct variable costs) / Revenue*
***EBITDA loss represents results from operating activities before tax, interest, depreciation and amortisation.*

Target markets progress

Environmental remediation: 81% of period revenue (H1 2023: 71%)

- In May 2024, increased holding in Setcar subsidiary to 99.95% through the acquisition of a further 49% to capitalise on future opportunities and to maximise returns for shareholders
- Planned restructuring of Setcar underway, targeting the optimisation of the operations, significant cost savings and a focus on higher margin contracts
- Continued confidence in converting a strong pipeline of opportunities in Environmental Remediation services despite delays in the tender processes
- Contract with Liberty Galati started at an initially slower pace than expected, but continued to work to optimise the technical solution

Textiles: 19% of period revenue (H1 2023: 29%)

- Slow start in the year due to temporarily reduced sales from a major workwear customer
- Consumer spending has slowed in the current cost-conscious climate, impacting the European textile market in the first half of FY24, affecting sales in the period
- Strategic repositioning to serve growing interest in high-tech electronic applications whilst protecting existing customer base

Other

- Large IP portfolio for a wide range of applications, with a clear focus on converting opportunities with

more immediate commercial returns
- Gipave® installed at the Imola Circuit for Emilia-Romagna Grand Prix in May 2024 as part of the Formula 1 World Championship and chosen for an extensive resurfacing operation in Rome ahead of the 2025 Jubilee
- Substantial opportunities for applications in graphene enhanced composites for the electronics industry
- Focus on customer led R&D to fully fund ongoing activities

Giulio Cesareo, Founder & CEO of Directa Plus, said: *"We are experiencing shorter term headwinds, together with an extended timeline for the award of a substantial tender for Setcar, such that we now expect the Group's revenues in FY2024 will be materially below market expectations*. Nevertheless, we believe we are in a strong position to convert new material contracts from our growing pipeline of opportunities, including for Setcar, and benefit from a robust financial platform.*

In line with our strategic aim of strengthening our commercial capabilities to drive growth, we are also focused on further reducing direct production costs and restructuring Setcar to achieve short term returns, with the aim of exiting FY2025 at a breakeven EBITDA run rate."

**In so far as the Board is aware, prior to this announcement, consensus market expectations for FY24 were for revenue of c. €17m, adjusted LBITDA of c. €1m.*

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

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About Directa Plus

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

This proprietary production process uses a physical process, rather than a chemical process, to process graphite into pristine graphene nanoplatelets, which enables Directa Plus to offer a sustainable, non-toxic product, without unwanted by-products. Directa Plus' products are made of hybrid graphene materials and graphene nano-platelets. The products (marketed as G+®) have multiple applications due to its properties. These G+® products can be categorised into various families, with different products being suitable for specific practical applications.

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

Chief Executive Officer's statement

The Group made steady progress in the first half of the financial year laying the foundations for future growth. Notably, the Group completed the £6.9m capital raise in June 2024, which supported the acquisition of the Group's increased stake in Setcar to 99.5%, where we are seeing an increase in opportunities, and which will also enable the Group to make specific investments in new commercial and technical capabilities and to deliver on the large pipeline of opportunities ahead, providing confidence in our ability to deliver substantial returns to shareholders. We believe that we remain in a strong position to convert significant open opportunities into orders.

Following the acquisition of a further 49% in Setcar, we immediately identified areas to improve performance as we see great potential and are actively involved in restructuring the subsidiary to provide the necessary framework and resources to deliver growth and to materially improve profitability. This includes enhancing its organisational structure, optimising operations, and ensuring the availability of funds to support upcoming contracts.

To further drive expansion, we will invest part of the funds from the recent raise in strengthening our commercial and technical capabilities, which will enable us to access new markets and seize emerging opportunities.

In parallel, we are committed to further reducing direct production costs and increase margins. We are implementing new equipment in our production line that allows for the substitution of argon gas with nitrogen. This change is expected to yield material cost efficiencies and environmental benefits in terms of sustainability due to the exploitation of a highly common energy source generated internally. We expect to gain margin and, in certain areas, align the selling price of our products more competitively and facilitate entry into high-volume markets.

Simultaneously, we are working to reduce our cost base, and we have identified potential overhead efficiencies amounting to more than €0.5 million annually, which will be fully in place from 2025 onwards without compromising our operations.

We remain focused on executing all four pillars of our strategy - Process, Product, Time to Market and Partnerships - in the key verticals, to ensure we can deliver the best quality graphene at the best possible price in the most sustainable way, whilst supporting the industrialisation of existing and new vertical applications.

Looking ahead, whilst we have been prudent on FY24, highlighting the anticipated impact on revenue for the full year as a result of the continued delay in tender processes, the Group's short-term priorities remain focused on reducing cash consumption and enhancing profitability. We continue to work on the conversion of the large pipeline of opportunities ahead and to achieve a breakeven EBITDA run rate during our next financial year.

Financial performance

For H1 FY24, Directa Plus delivered revenues of €3.39m, of which c. €2.74m (81%) from Environmental remediation services and c. €0.65m (19%) from Textiles.

Revenue in the period is lower than the prior comparable period (€4.59m) as a result of the delayed commencement of some large contracts, but also our strategic focus on delivering higher margins, value added services, cessation of low margin contracts and laying the foundations for future growth. This action has already resulted in an improvement of the Group's contribution margin[1] which in the period increased to 52% (44% in H1 2023).

The higher contribution margin partially offset the reduction in revenue in the period, which led to a LBITDA of €1.81m (€1.25 in H1 2023) and a loss for the period of €2.48m (€1.91m in H1 2023).

The £6.9 million gross fundraise approved by Shareholders at the end of June supported the acquisition of the minority interests in Setcar and ensured that the Group has the financial resources to fund its growth, invest in line with its strategic plan and accelerate its path to profitability.

We are continuing to take steps to improve revenue quality, increase sales, rationalise the cost base and enhance our performance in the second half of the year and beyond.

Increased stake in Setcar to drive growth

Part of the fundraise supported the €1.5m acquisition of an additional 49% in Setcar (to 99.95%), the Group's environmental subsidiary, and to invest in select capital equipment and personnel to accelerate the adoption of our proven nanomaterial-based solutions and products. To complete the final payment for the acquisition of our stake in Setcar, Directa Plus had previously entered into a short term €1 million loan agreement with Nant Capital LLC, which was repaid immediately following the capital raise, and the Board would like to thank its shareholder for its ongoing support.

The opportunity to acquire a larger stake in Setcar, alongside its growing pipeline of opportunities, was compelling to us. Whilst this impacts profitability in the shorter term, it gives the Group full control to drive efficiencies in Setcar and to create a better platform to expand the Environmental business internationally, which we believe is in the best interests of our shareholders.

As detailed above, we are in the process of restructuring Setcar to focus on high value contracts and on the business of Grafysorber based products and services, and will invest in both equipment and people to support international expansion. Investment in equipment will enable the Group to accelerate the delivery of new products and remediation services using Grafysorber. We have also identified areas where we will strengthen the team with key personnel and professional support to deliver the higher value contracts and expand sales of Grafysorber.

Review of Operations

Environmental (81% of revenue)

The Environmental division continues to be the biggest source of Group's revenue and in recent years we have secured some significant new contracts globally thanks to our well-proven and unique Grafysorber® technology. It is a hybrid graphene-based solution for treating water sludges and emulsions containing

[1] Contribution Margin is a managerial metric calculated as (Revenue – Direct variable costs) / Revenue

hydrocarbons and is at least five times more effective than current technologies - absorbing more than 100 times its own weight of oil-based pollutants which may then be recovered.

The Group's environmental remediation activities are principally carried out through Setcar, which has great market potential where we see an exciting opportunity to take further control of the environmental supply chain and capture maximum value from the commercial offering made possible by our Grafysorber® technology. Through integration with Setcar, Grafysorber® has been developed over the past few years, resulting in the opportunity to secure larger contracts where we have identified multiple market opportunities and international expansion for this division. We have a substantial and growing pipeline of opportunities and we have open discussions with potential clients in Europe, Asia, Middle East and US that – at different stages – are looking with interest to our technology and could generate significant value for the Group.

During the period, Setcar renewed its contract with FORD Otosan, an automotive business in Romania owned by Ford Motor Company, for the fifth time, to deliver Total Waste Management Services (TWM) for a total contract value of €1.9m. Since the first contract was signed with FORD Otosan in 2020, the annual contract value has now increased by a total of c. 46%.

The contract with Liberty Galati, to provide a solution for the treatment of oily mills scale produced in the manufacturing of steel, has started albeit at an initially slower pace than expected, but in the period we have continued to work to optimise our technical solution and are preparing to fulfil the services at the proper speed and quality.

As detailed above, in parallel, we are further improving the competitiveness of our Grafysorber® solutions through specific investments in our production line, substituting argon gas with nitrogen as the main energy source that will reduce direct productions costs and deliver enhanced absorption.

Textiles (19% of revenue)

Consumer spending has slowed in the current cost-conscious climate, impacting the European textile market in the first half of FY24. In parallel, we also experienced a temporary slowdown in sales to a major workwear client that we expect to be recovered in the near future. As a result, our textiles vertical experienced a slowdown in revenues during this period. However, we have continued to develop opportunities in defence and workwear applications, where we see great potential, and to deepen our presence in the luxury textile market where we still see strong demand and interest from well-known brands in the development of innovative, technical new products to add to their collections.

Notwithstanding this, we remain confident in our ability to continue to evolve the business internationally, not only in Europe but also in the US and UK. This is demonstrated by our collaboration with Heathcoat Fabrics, a revered leader in the design and manufacture of advanced knitted and woven fabrics, in the UK announced in March 2024. Heathcoat Fabrics will integrate Directa Plus' G+® Planar Thermal Circuit technology into its portfolio to provide excellent thermal dissipation properties, helping to control and regulate the user's body temperature (test results have demonstrated up to >60% improvements in heat dissipation).

Whilst protecting our existing customer base, we are increasing our strategic focus within textiles to serve growing interest in high technology electronic applications, where the thermal conductivity and antimicrobial properties of our G+® graphene are well appreciated.

Additional industrial verticals

We are currently prioritising our efforts in the industrial verticals where we anticipate returns in the nearer term. We have developed a number of solutions that are ready to be sold on the market, such Gipave® for asphalts.

The asphalt applications of Directa Plus's G+ graphene technology have great potential, and the product developed with Iterchimica, GiPave® provides exceptional results in terms of increased durability and a reduced carbon footprint. During the period we made further steps forward with GiPave® and were proud to announce the installation of GiPave® at the Imola Circuit for Emilia-Romagna Grand Prix in May 2024 as part of the Formula 1 World Championship, making it the first circuit to feature green, sustainable and high-tech asphalt utilising graphene and recycled plastics. The Group also achieved further important recognition in May as GiPave® was chosen for an extensive resurfacing operation in Rome, ahead of the 2025 Jubilee. By integrating our advanced materials into real-world applications, we are paving the way towards more sustainable infrastructure solutions globally.

In parallel, all R&D activities are now paid for by our partners in order to fully fund ongoing activities. We are active and exploring a range of collaborations across additional industrial verticals, including some open collaborations and joint developments in the electronics sector.

Intellectual Property

As at August 2024, the Group's patent portfolio comprised 106 patents granted and 33 pending, grouped into 22 patent families. This has increased from 86 patents granted and 39 pending, in December 2023. The Board sees significant value in this portfolio, which covers a wide range of processes and applications. Discussions on licensing contracts are ongoing with potential for further patent applications and awards in 2024.

Outlook

The extended timeline for the award of a substantial tender in Romania being sought by Setcar is, alongside the impact of some shorter-term delays to on-going business, expected to adversely impact the Group’s financial performance in FY2024. As a result, the Group’s revenues in FY2024 are now anticipated to be approximately €7 million, materially below current market expectations which had, in particular, assumed an earlier tender award.

Despite these shorter-term impacts, we are seeing increasing traction in graphene technology and its applications globally and I am confident we have the right strategy and team in place to capture this growing market demand. Bolstered by the successful capital raise in the half, with a more efficient organisational structure, we are well positioned to make specific investments in new commercial and technical capabilities and to deliver on the large pipeline of opportunities, in particular in Romania where the Board remains confident that the tender will be finalised in the coming months.

Giulio Cesareo
Chief Executive Officer
24 September 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Unaudited	Unaudited	Audited
In Euro		**30-Jun-24**	**30-Jun-23**	**31-Dec-23**
Continuing operations				
Revenue		3,390,904	4,591,757	10,530,395
Other income		56,077	134,188	332,963
Changes in inventories of finished goods and WIP		112,803	80,604	(247,961)
Raw materials and consumables used		(1,450,358)	(2,247,739)	(5,350,490)
Employee benefits expenses		(2,329,530)	(2,236,100)	(4,444,577)
Depreciation and amortisation		(590,390)	(624,757)	(1,270,193)
Other expenses		(1,594,718)	(1,572,167)	(3,734,813)
Results from operating activities		**(2,405,212)**	**(1,874,214)**	**(4,184,676)**
Finance income		24,843	52,901	72,270
Finance expenses		(94,704)	(86,860)	(194,660)
Net finance costs		**(69,861)**	**(33,959)**	**(122,390)**
Loss before tax		**(2,475,073)**	**(1,908,173)**	**(4,307,066)**
Tax (expense)/income		-	4,969	31,718
Loss after tax from continuing operations		**(2,475,073)**	**(1,903,204)**	**(4,275,348)**
Loss of the period		**(2,475,073)**	**(1,903,204)**	**(4,275,348)**
Other Comprehensive income items that will not be reclassified to profit or loss				
Defined Benefit Plan re-measurement gains and losses		16,700	(834)	(10,769)
Other comprehensive expense for the period (no tax impact)		**(16,700)**	**(834)**	**(10,769)**
Total comprehensive expense for the period		**(2,458,373)**	**(1,904,038)**	**(4,286,117)**
Loss attributable to				
Owner of the Parent		(2,473,897)	(1,851,444)	(3,856,103)
Non-controlling interests		(1,176)	(51,760)	(419,245)
		(2,475,073)	**(1,903,204)**	**(4,275,348)**
Total comprehensive expense attributable to:				
Owners of the Company		(2,457,197)	(1,852,278)	(3,866,872)
Non-controlling interests		(1,176)	(51,760)	(419,245)
		(2,458,373)	**(1,904,038)**	**(4,286,117)**
Loss per share				
Basic loss per share	2	(0.04)	(0.03)	(0.06)
Diluted loss per share	2	(0.04)	(0.03)	(0.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

In Euro	**Unaudited** **30-Jun-24**	**Unaudited** **30-Jun-23**	**Audited** **31-Dec-23**
Assets			
Intangible assets	1,343,561	1,556,023	1,436,684
Investments	-	-	-
Property, plant and equipment	2,971,801	3,445,149	3,290,809
Other receivables	161,303	69,352	162,923
Non-current assets	**4,476,665**	**5,070,524**	**4,890,416**
Inventories	1,033,496	1,437,610	881,450
Trade and other receivables	5,767,883	3,438,591	4,396,748
Cash and cash equivalent	927,417	4,241,161	2,393,303
Current assets	**7,728,796**	**9,117,362**	7,671,501
Total assets	**12,205,461**	**14,187,886**	**12,561,917**
Equity			
Share capital	249,613	205,469	205,469
Share premium	42,083,313	39,181,789	39,181,789
Foreign Currency Translation Reserve	(39,911)	(45,151)	(44,902)
Retained Earnings	(36,879,266)	(31,893,194)	(33,882,143)
Equity attributable to owners of Group	**5,413,749**	**7,448,913**	**5,460,213**
Non-controlling interests	83,162	1,490,674	1,121,911
Total equity	**5,496,911**	**8,939,587**	**6,582,124**
Liabilities			
Loans and borrowings	1,145,067	1,894,125	1,528,108
Lease liabilities	127,877	237,240	183,056
Employee benefits provision	236,137	389,702	357,520
Other payables	63,982	64,158	64,014
Deferred tax liabilities	-	28,050	-
Non-current liabilities	**1,573,063**	**2,613,275**	**2,132,698**
Loans and borrowings	1,764,111	418,875	742,904
Lease liabilities	137,322	265,506	206,509
Trade and other payables	3,218,801	1,950,643	2,856,835
Provision	15,253	-	40,847
Current liabilities	**5,135,487**	**2,635,024**	**3,847,095**
Total liabilities	**6,708,550**	**5,248,299**	**5,979,793**
Total equity and liabilities	**12,205,461**	**14,187,886**	**12,561,917**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In Euro	Share Capital	Share Premium	Foreign currency translation reserve	Accumulated deficit	Total	Non-controlling interests	Total Equity
Balance at 31 December 2022	**205,469**	**31,181,789**	**(39,161)**	**(30,069,844)**	**9,278,253**	**1,546,887**	**10,825,140**
Total comprehensive (expense)/income for the period							
Loss of the Period	-	-	-	(1,851,444)	(1,851,444)	(51,760)	(1,903,204)
Total other comprehensive expense	-	-	-	(834)	(834)	-	(834)
Total comprehensive expense for the period	**-**	**-**	**-**	**(1,852,278)**	**(1,852,278)**	**(51,760)**	**(1,904,038)**
Translation reserve	-	-	(5,990)	-	(5,990)	(4,453)	(10,443)
Share-based payment	-	-	-	28,928	28,928	-	28,928
Balance at 30 June 2023	**205,469**	**31,181,789**	**(45,151)**	**(31,893,194)**	**7,448,913**	**1,490,674**	**8,939,587**
Total comprehensive expense for the period							
Loss of the Period	-	-	-	(2,004,659)	(2,004,659)	(367,485)	(2,372,144)
Total other comprehensive expense	-	-	-	(9,935)	(9,935)	-	(9,935)
Total comprehensive expense for the period	**-**	**-**	**-**	**(2,014,594)**	**(2,014,594)**	**(367,485)**	**(2,382,079)**
Translation reserve	-	-	249	-	249	(1,278)	(1,029)
Share-based payment	-	-	-	25,645	25,645	-	25,645
Balance at 31 December 2023	**205,469**	**39,181,789**	**(44,902)**	**(33,882,143)**	**5,460,213**	**1,121,911**	**6,582,124**
Total comprehensive expense for the period							
Loss of the Period	-	-	-	(2,473,897)	(2,473,897)	(1,176)	**(2,475,073)**
Total other comprehensive expense	-	-	-	16,700	16,700	-	16,700
Total comprehensive expense for the period	**-**	**-**	**-**	**(2,457,197)**	**(2,457,197)**	**(1,176)**	**(2,458,373)**
Capital raised	44,144	3,134,249	-	-	3,178,393	-	3,178,393
Expenses related the issuance of shares		(232,725)	-	-	(232,725)	-	(232,725)
Acquisition of 48,95% in Setcar	-	-	-	(463,185)	(463,185)	(1,037,573)	(1,500,758)
Translation reserve	-	-	4,991	-	4,991	-	4,991
Share-based payment	-	-	-	(76,741)	(76,741)	-	(76,741)
Balance at 30 June 2024	**249,613**	**42,083,313**	**(39,911)**	**(36,879,266)**	**5,413,749**	**83,162**	**5,496,911**

CONSOLIDATED STATEMENT OF CASH FLOW
For the six months ended 30 June 2024

In Euro	(Unaudited) 30 Jun 2024	(Unaudited) 30 Jun 2023	Audited 31 Dec 2023
Cash flows from operating activities			
Loss for the period before tax	(2,475,073)	(1,908,173)	(4,307,066)
Adjustments for:			
Depreciation	374,796	407,484	817,611
Amortisation of intangible assets	215,594	217,273	452,582
Disposal loss on tangible assets	-	27,889	24,014
Share-based payment expense	(76,741)	28,928	54,573
Finance income	(24,843)	(52,901)	(72,270)
Finance expense	90,425	81,273	175,350
Interest of lease liabilities	4,279	5,587	19,310
	(1,891,563)	**(1,192,640)**	**(2,835,896)**
(Increase)/decrease in:			
- inventories	(152,046)	(315,698)	240,461
- trade and other receivables, prepayments	1,808,878	677,623	(374,105)
- trade and other payables	124,963	(178,957)	712,208
- provisions and employee benefits	(110,955)	(175,170)	(224,170)
- Other provision	(25,594)	(190,997)	(150,150)
Net cash used in operating activities	**(246,317)**	**(1,375,839)**	**(2,631,652)**
Cash flows from investing activities			
Interest received	5,712	10,698	46,108
Acquisition of 48.95% Setcar	(1,500,759)	-	-
Investment in intangible assets	(122,470)	(97,569)	(213,538)
Acquisition of property, plant and equipment	(55,789)	(19,370)	(271,281)
Net cash used in investing activities	**(1,673,306)**	**(106,241)**	**(438,711)**
Cash flows from financing activities			
Interest paid	(84,186)	(71,886)	(159,225)
New borrowings	1,000,000	670,155	945,278
Repayment of borrowings	(361,834)	(502,973)	(820,084)
Repayment of lease liabilities	(124,366)	(131,582)	(244,762)
Net cash (used in)/ from financing activities	**429,614**	**(36,286)**	**(278,793)**
Net (decrease) in cash and cash equivalent	**(1,490,009)**	**(1,518,366)**	**(3,349,156)**
Exchange (losses)/gains on cash and cash equivalent	**24,122**	**31,759**	**14,691**
Cash and cash equivalents at beginning of the period	**2,393,303**	**5,727,768**	**5,727,768**
Cash and cash equivalents at end of the period	**927,416**	**4,241,161**	**2,393,303**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the 6 months ended 30 June 2024

1. Basis of preparation

(a) Statement of compliance

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

The financial information for the six months ended 30 June 2024 is unaudited. In the opinion of the Directors, the financial information for the period fairly represents the financial position of the Group. Results of operations and cash flows for the period are in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The accounting policies, estimates and judgements applied are consistent with those disclosed in the Group's statutory financial statements for the year ended 31 December 2023. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the full annual report for the year ended 31 December 2023.

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

The Directors of the Company approved the financial information included in these Interim condensed consolidated financial statements on 24 September 2024.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Going concern

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

The conflict in Ukraine and Middle East, high inflation and increased interest rates by the Central Banks have been an additional cause of uncertainty over the macro-economic outlook, affecting both the political and business environments. These events have had a significant impact on global economies and markets, and on the operations and operational funding of companies experiencing widespread inflationary cost pressures and supply chain disruption.

The Directors believe that the Group has the systems and protocols in place to address the challenges, however at the date of release of these interim results it is not clear how long the current circumstances are likely to last and what the long-term impact will be.

As of 30 June 2024, the Group had net assets of €5.50m (31 December 2023: €6.58m) and cash and cash equivalent of €0.93m (31 December 2023: €2.39m). On 11 June 2024 the Group announced the launch of a fundraise of £6.9 million, by way of a placing and subscription, to fund the acquisition of the minority interests of its subsidiary Setcar and to sustain the expected high growth of the business. The capital raise was effective after the shareholders' approval at a General Meeting held on 27 June 2024. The additional funds from the capital raise have been received by the Company during the first days of July, therefore the cash and cash equivalents shown in the balance sheet as of June 2024 still do not reflect the new funds.

The Directors prepared a cash flow forecast for the Group and the Parent Company for the period to December 2025 to assess if there is sufficient liquidity in place to support the plan and strategy for the future development of the Group. This forecast showed that the Group and the Parent Company will have sufficient financial headroom for the entire forecast period if reasonably plausible downside scenario do not occur.

In addition, the Directors, in formulating the plan and strategy for the future development of the business, considered reasonably plausible downside scenarios including reductions in forecast revenues and gross margin. Under those stressed scenarios, that assume material reductions in margins compared to current trading over the next 18 months, the Group could exhaust its cash resources before December 2025, and therefore be required to raise additional funding which is not guaranteed.

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

The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements. The financial statements have therefore been prepared on the going concern basis.

2. Share capital and share premium

	Number of shares	Share capital (€)	Share premium (€)
At 31 December 2023	**66,057,649**	**205,469**	**39,181,789**
Shares issued on 28 June 2024	14,954,048	44,144	3,134,249
Expenses related the issuance of shares on 28 June 2024	-	-	(232,725)
At 30 June 2024	**81,011,697**	**249,613**	**42,083,313**
Shares issued on 1 July 2024	23,407,058	69,004	4,899,284

On 27 June 2024 the Shareholders' General Meeting of Directa Plus plc approved the issuance of a total of nr. 38,361,106 new shares at a price of £0.18 per share. The capital raise was split into two tranches:

- Nr. 14,954,048 new shares were issued on 28 June 2024, for total gross proceeds of € 3,178,393, and
- Nr. 23,407,058 new shares were issued on 1 July 2024, for total gross proceeds of additional € 4,968,289

In total, the capital raise generated gross proceeds of €8,146,682, which were fully received by the Company after the reporting period, in July 2024. Consequently, the financial statements as of June 2024 reflect only the issuance of the first tranche of shares on 28 June 2024, and the cash position does not include any of the proceeds as they had not yet been collected at that time.

3. Earnings Per Share

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

	Change in number of ordinary shares	**Total number of ordinary shares**	**Days**	**Weighted number of ordinary shares**
At 31 December 2021	4,857,539	66,032,126	365	61,380,599
At 31 December 2022	25,523	66,057,649	365	66,053,593
At 31 December 2023	-	66,057,648	365	66,057,649
At 30 June 2024	14,954,048	81,011,697	182	66,304,144

Earnings per share

	30 Jun 2024	**30 Jun 2023**	**31 Dec 2023**
Loss for the year	(2,473,897)	(1,851,444)	(3,856,103)
Weighted average number of shares:			
- Basic	66,304,144	66,057,649	66,057,649
- Diluted	67,332,327	67,473,141	67,052,006
Loss per share			
- Basic	**(0.04)**	**(0.03)**	**(0.06)**
- Diluted	**(0.04)**	**(0.03)**	**(0.06)**

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