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Directa Plus plc
(“Directa Plus” or the “Company”)

Acquisition of Osmotek and launch of Directa Textile Solutions

First implementation of the Company’s downstream integration strategy

Directa Plus (AIM: DCTA), a producer and supplier of graphene-based products for use in consumer and industrial markets, is pleased to announce that its wholly-owned subsidiary, Directa Plus S.p.A., has acquired a 60% interest in the issued share capital of Osmotek Srl (“Osmotek”), a company involved in the commercialisation and distribution of textile membranes, for a total consideration of €60,000 to be invested in the business as working capital (the “Acquisition”). The Company has assumed responsibility for the operations of Osmotek, which has been renamed Directa Textile Solutions Srl (“DTS”). The Directors of the Company believe that the Acquisition will enhance the route-to-market for its textile applications.

Background to the Transaction

Osmotek, based in Milan, Italy, was founded in 2015, to focus on the commercialisation of textile membranes. Osmotek’s focus in the textile membrane market is on sportswear, workwear, fashion and military applications. It has already built a base of clients and agents and has a good commercial pipeline.

Osmotek was founded by Novaresin, a large Italian membrane producer, and the existing shareholders of Osmotek will continue to hold a 40% shareholding in DTS post-Acquisition. Novaresin has a factory located in the North of Italy that is capable of producing 7 million metres of fabric per annum. It has a wide range of textile products and is a specialist in lamination whereby a textile membrane is laminated onto another fabric to enhance its properties, such as providing breathability or waterproofing. The Novaresin products include a new range of graphene-enhanced membranes for textile applications, which have been developed in conjunction with Directa Plus over the last year. The incorporation of the Company’s graphene-based products enhances the textile membrane providing additional properties to the end fabric, such as electrical and thermal conductivity, bacteriostatic characteristics and abrasion resistance.

Rationale for the Transaction

The Acquisition and launch of DTS reflects the Company’s strategy to utilise its know-how and IP to have a greater role in the graphene value chain. The main reasons for the Acquisition include:

- Directa Plus, through DTS, will directly promote and distribute its graphene-enhanced membrane products to textile brands and end clients.
- It will allow the Company to take advantage of the development to date of G+ membranes undertaken by Directa Plus and Novaresin, giving the Company greater control of the value and margin in the process from its development through to commercial sales.
- Directa Plus will be better positioned to communicate directly with the end client and pursue its branding strategy of featuring the ‘G+’ logo on the end product and packaging.
- DTS will leverage the integration of Directa Plus’ technical capabilities regarding graphene, Novaresin’s expertise in creating and producing technical membranes, and Osmotek’s commercial structure, network and client portfolio.
- It advances the Company’s stated strategy of targeting the smart textiles market.

Terms of the Acquisition

Directa Plus S.p.A has acquired a 60% interest in Osmotek for €60,000. The proceeds will be used for ongoing working capital purposes. The existing shareholders of Osmotek have not sold any shares in the transaction and remain committed to the business.

Osmotek was incorporated in September 2015 and, based on unaudited management information, in the period from incorporation to 31 October 2016 revenues were approximately €150,000 and it has reached its target of operating profit breakeven.

Under the terms of the Acquisition, Directa Plus S.p.A. will be the sole supplier of graphene-based products to Novaresin which will then produce the graphene-enhanced membranes that will be commercialised through DTS. Novaresin will provide the graphene-enhanced membranes exclusively to DTS and is prohibited from selling them directly to third parties.

Directa Plus will be responsible for the DTS operations, which will be based at the Company's existing headquarters in Lomazzo, Italy.

Giulio Cesareo, Chief Executive Officer of Directa Plus, said: "The establishment of Directa Textile Solutions represents a key milestone of our downstream integration strategy, and another step in the execution of our business plan. By moving up the value chain, we will be able to generate revenues from the provision of our G+ and also from the sale of the graphene-enhanced membrane to the end customer. Equally, we will be better able to communicate directly with major brands and so provide a product that meets their exact needs as well as pursuing our ingredient branding strategy.

"The market for smart textiles is vast. By partnering with a leading producer of textile membranes, Novaresin, with whom we have been working closely over the last year to develop graphene-enhanced textile membranes that are already being tested by a range of potential customers, we are strengthening our ability to target this key segment with our innovative, tailor-made solutions that have been independently certified as safe for human health and the environment. As a result, we are very excited about the prospects for Directa Plus Textile Solutions, which further increases our competitive position in the industry."

This announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations

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About Directa Plus

Directa Plus is one of the largest producers and suppliers of graphene-based products for use in consumer and industrial markets worldwide. By incorporating Directa Plus' unique graphene blends, identified by the G+ brand, its customers can enhance the performance of their end products without significantly increasing their cost. Directa Plus graphene-based products are natural, chemical-free, sustainably produced and tailored to specific customer requirements for commercial applications such as smart textiles, tyres, composite materials and environmental solutions.

Established in 2005, the Company has a patented technology process and a scalable and exportable manufacturing model. It produces graphene-based products at its own factory in Lomazzo, Italy, and can set up additional production at customer locations to reduce transport costs, waste and time-to-utilisation.

Directa Plus partners with customers to enable them to offer the high-performance benefits of graphene in their own products.