DRIVING TECHNOLOGY FORWARD

MOTORK

ANNUAL REPORT 2023

Our heart beats for the digital automotive industry.

We want to design the industry's digital future and provide our customers – manufacturers and dealerships – with the best possible technology and support.

WE ARE MOTORK

"At MotorK, we are committed to excellence and relentless pursuit of innovation.

We call ourselves SparKers because within each of us a spark ignites, guiding the digital revolution in the mobility industry. In this Annual Report, we showcase the milestones that have marked our journey and inspired a future where MotorK continues to be the driving force behind positive change in the automotive landscape. It's said that technology progresses slowly and then all of a sudden. The feeling is that we are at the 's' of sudden."

Marco Marlia
Chief Executive Officer

HIGHLIGHTS

Revenues
€42.9m
2022: €38.5m

Acquisitions completed in 2023
1
2022: 3

Net cash[1]
€3.5m
2022: €19.2m

Adjusted EBITDA[2]
-€1.4m
2022: €0.2m

Committed annual recurring revenues (CARR)[3]
€38.6m
2022: €29.8m

Customers[4]
5,200
2022: 3,200

PDF/PRINTED VERSION

This document is the PDF/printed version of MotorK's 2023 Annual Report and has been prepared for ease of use. The 2023 Annual Report in European Single Electronic Format (ESEF) is the official version. The ESEF reporting package is available on the Company's website. In case of any discrepancies between this PDF version and the ESEF reporting package, the latter prevails.

ABOUT THIS REPORT

This report is intended to inform stakeholder groups that have an impact on, or are impacted by, our business. This includes customers, investors and shareholders, regulators and supervisors, employees, government authorities and non-governmental organisations. It aims to give our stakeholders a balanced overview of our activities and MotorK's ability to create and sustain value. We welcome reactions and views, which can be emailed to investors@motork.io. Additional disclosures are available on investors@motork.io.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. Such forward-looking statements speak only as of the date of this Annual Report and are expressly qualified in their entirety by the cautionary statements included in this Annual Report. Without prejudice to its obligations under Dutch law and English law in relation to disclosure and ongoing information, the Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this Annual Report should be construed as a profit forecast.

1 It is equivalent to the caption Cash and cash equivalents reported in the Consolidated Statement of Financial Position on page 94 of this Annual Report.
2 This is a non-GAAP measure considered relevant by management and it is considered a Group Alternative Performance Measure ("APM"). Reconciliation with the accounts is provided on page 154 of this Annual Report.
3 This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Reconciliation with the accounts is provided on page 152 of this Annual Report.
4 Including customers of the companies acquired in FY2023.

COMPANY OVERVIEW

STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

WE ARE MOTORK

Tech mindset,
automotive focus

SIMPLIFYING THE DIGITAL LANDSCAPE

We are a leading and fast-growing software as a service (SaaS) provider for the automotive retail industry in the Europe, Middle East and Africa (EMEA) region.

We empower car dealers and original equipment manufacturers (OEMs) to improve their customer experience through a broad suite of fully integrated digital products and services.

OUR PLATFORM

Our open and scalable automotive retail platform, SparK, enables dealers and OEMs to move in step with changing consumer behaviour by integrating sales, marketing and operations activities into a single, cost-effective outsourced solution.

Integrations

200+

automotive-specific features

A TRUSTED PARTNER

Enterprise customers

38

2022: 20

Retail customer base

5,200

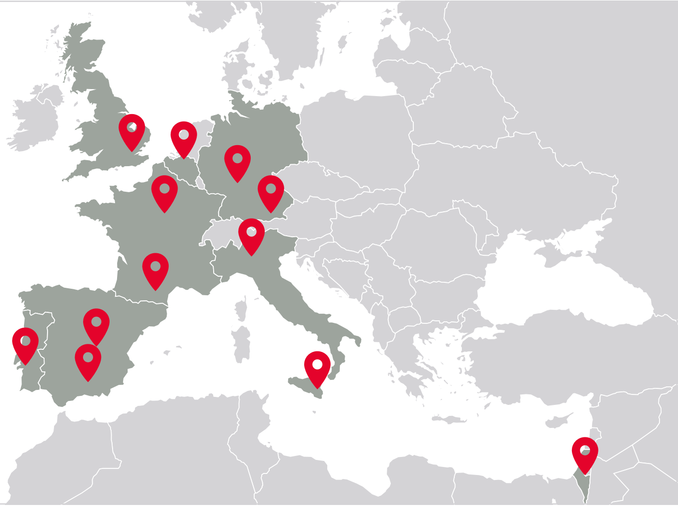
2022: 3,200

Innovation is at the heart of our DNA

READ MORE ABOUT OUR BUSINESS MODEL:
PAGE 18

BROAD GEOGRAPHICAL FOOTPRINT

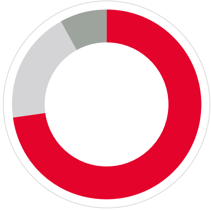
We operate through 12 offices in 8 countries, employing 449 people[1].



1 This is the number of employees at the end of the reporting period (please refer to the Financial and Non-Financial KPIs section on page 43).

REVENUE

Revenue mix



- SaaS platform **76%** (2022: 73%)*
- Digital marketing **18%** (2022: 19%)
- Other revenues **6%** (2022: 8%)

*It includes Contract start-up revenue. Please refer to the Financial and Operating review Section on page 38 for further details.

DRIVING INNOVATION AND GROWTH

Everything we do is aligned to achieve our vision.

OUR VISION
To be the most trusted technology partner for mobility distribution.

OUR MISSION
We shape the future of mobility.

OUR VALUES

CUSTOMER *OBSESSED*

FORWARD *THINKING*

RESULT *DRIVEN*

ALWAYS *AMBITIOUS*

EMPOWERING *INCLUSION*

READ MORE: **PAGE 19**

OUR FOUNDATIONS

TECHNOLOGY
We are a natively digital company: innovation is deeply rooted in our DNA.

READ MORE: **PAGE 5**

MOBILITY
We speak the language of mobility: we understand the industry and its challenges.

READ MORE: **PAGE 6**

PEOPLE
We design technology to create value for mobility players and customers.

READ MORE: **PAGE 7**

OUR BUSINESS MODEL
Providing innovative digital solutions to meet the specific needs of OEMs and dealers, including managing the entire vehicle sales process, customer loyalty and after-sales relationships, with significant investment in research and development (R&D).

READ MORE: **PAGE 18**

OUR STRATEGIC ELEMENTS
Based on MotorK's core values, our Innovate, Land and Expand and Consolidate pillars positions us well to achieve our vision and mission.

READ MORE: **PAGES 19–24**

WE ARE A NATIVELY DIGITAL COMPANY

WE ARE A NATIVELY DIGITAL COMPANY: INNOVATION IS DEEPLY ROOTED IN OUR DNA.

"With continuous innovation guiding all aspects of our business, we recognised the cross-cutting potential of artificial intelligence and made it a cornerstone of our strategy, anticipating its disruptive influence across all industries, automotive being no exception."

TECHNOLOGY

Leveraging our extensive R&D expertise, we provide our clients with state-of-the-art digital solutions to support their business, integrated into a single platform. This year, we accelerated our artificial intelligence (AI) research and launched Tech LABS to confirm our position as a leading industry innovator. This programme supports our aim to design and implement new technologies to improve the automotive customer experience, making this increasingly seamless and customised and to optimise business operations, reducing costs while facilitating the daily activities of dealers.

READ MORE: PAGES 20–21

WE UNDERSTAND THE INDUSTRY AND ITS CHALLENGES

WE SPEAK THE LANGUAGE OF MOBILITY: WE UNDERSTAND THE INDUSTRY AND ITS CHALLENGES.

MOBILITY

We recognise the importance of standing in our customers' shoes: that's why all of us have a deep knowledge and passion for the automotive industry. From senior managers to operational roles, we work with a common goal in mind: embrace the challenges within the industry and identify future-proof solutions to change the mobility world for the better. This year we kept improving the platform, also through AI integration. In parallel, we focused on data security and consolidating the reliability of our services by starting the implementation of ISO 27001:2022 and by introducing two-factor authentication into our core solutions. We believe this a step forward in delivering the Group's vision and providing dealers and car manufacturers with reliable tools, which can ensure the safety and confidentiality of client information.

READ MORE: **PAGE 20**

"Our vision to be the most trusted technology partner for mobility distribution can only be achieved if we maintain a customer-centric approach in everything we do."

WE SUPPORT OUR PEOPLE TO CREATE VALUE

“We are people working for people, putting our technology at the service of our partners and their end customers.”

WE DESIGN TECHNOLOGY TO CREATE VALUE FOR MOBILITY PLAYERS AND CUSTOMERS.

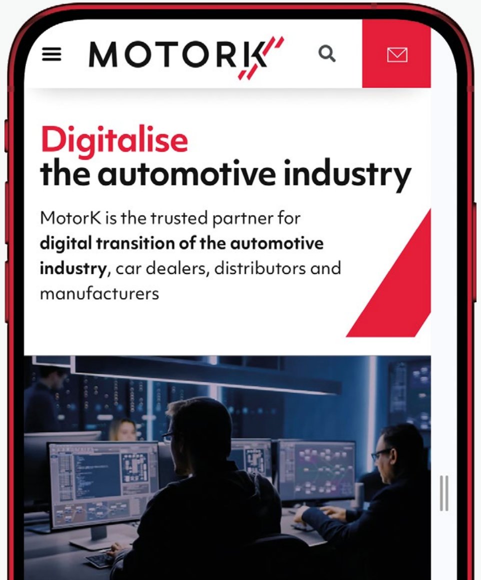
PEOPLE

Our colleagues, known as “SparKers“, have a strong desire and commitment to make a positive impact with what we do and to create value. Working together, we truly believe we can shape the future of mobility, putting our technology at the service of our partners and their end customers. This year we appointed Daria Grazzi as our Chief Human Resources Officer (CHRO), confirming the centrality of people in the Group’s strategy and reinforcing our commitment to Equity, Diversity and Inclusion (ED&I).

READ MORE: PAGES 26–31

DRIVING INNOVATION AND GROWTH

Committed to continuous innovation, MotorK has rapidly grown into a high-performing company leading the European SaaS scene for automotive distribution.



DIFFERENTIATED SOLUTIONS

- First at-scale, one-stop-shop SaaS platform for automotive retail
- Attractive features support customers throughout vehicle lifecycle
- Extensive app and solutions partner ecosystem
- Open, scalable and integrated technology
- Ongoing investment in innovation and product launches

READ MORE: PAGE 18

SOLID FINANCIAL PERFORMANCE

- Strong growth, both organic and via acquisition
- Recurring revenues from SaaS model
- Exceptional unit economics driving organic growth
- Track record of successfully integrating acquisitions
- Growth and long-term-oriented investments slightly impacting EBITDA in the reporting period

READ MORE: PAGES 83–155

FAVOURABLE MARKET DYNAMICS

- Sizeable addressable market, still largely underserved
- Well-positioned in terms of scale, product suite and regional exposure in EMEA to leverage consolidation opportunities in a highly fragmented market

READ MORE: PAGES 15–17

CLEAR STRATEGY FOR GROWTH

- Innovate: ongoing investment in innovation to extend product categories and embrace industry trends
- Land and Expand: upselling and cross-selling to loyal and growing customer base
- Consolidate: selected acquisitions to enter new markets and expanding presence in existing markets to consolidate market share and strengthen position as European leader

READ MORE: PAGES 19–24

R&D investments as a % of Group total revenues
34%
2022: 37%

Committed annual recurring revenues (CARR)[1]
€38.6m
2022: €29.8m

Addressable market[2]
€6.2bn
2022: €5.4bn (EU10 and UK)

Acquisitions
9
since 2016

API integrations[3]
200+
2022: 200+

Adjusted EBITDA[4]
-€1.4m
2022: €0.2m

Market share[5]
1.1%
2022: 0.8%

1 This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Reconciliation with the accounts is provided on page 152 of this Annual Report.
2 Addressable market including EU10 and UK.
3 Application Programming Interface is defined as a set of rules, protocols and tools that allows different software applications to communicate and interact with each other.
4 This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Reconciliation with the accounts is provided on page 154 of this Annual Report.
5 It is calculated as a percentage of total Group revenues over addressable market where the Group operates (EU5, €4bn).

Strategic Report

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

"This past year has been a testament to our adaptability and persistence; our strength lies in our team – the driving force behind our success."

CONSOLIDATING THE PAST, PREPARING FOR THE FUTURE

Last year was again an exceptional year for us. I take pride in highlighting the main areas of achievement that underscore the Team's commitment to be the most trusted partner for technology distribution. The past 12 months can be considered as a transition period for MotorK. We continued to grow while focusing on synergies activation and preparing the company for scale, following a dynamic 2022 characterised by the completion of five strategic acquisitions, the steady organic development of the company and the near doubling of Full Time Equivalents (FTEs). As a consequence, the run rate of such investments done in the second part of FY2022 impacted the full FY2023, resulting in a slight deterioration of the Group's Adjusted EBITDA.

The Board remains confident that MotorK's strong strategic mix of culture, people, products and customer base will enable it to withstand the challenges in the market. Our confidence is further underpinned by the Company's Recurring billings in 2023, which are 50% higher than the previous year. This improved performance is endorsed by our effectiveness at reaching new customers, as well as our ability to do more with our existing customers through an ever-increasing offer. With SparK platform, dealers and OEMs can keep pace with the surging complexity of the end-customer journey and the need to adopt digital solutions to manage the various interactions to create a smooth and, above all, omnichannel buying experience.

I take pride in the expansion of our customer base. Acquired both organically and through Mergers and Acquisitions (M&A) in eight countries across Europe, it not only represents a strategic ground for future migrations and cross-selling; it is the foundation of our commitment to continued excellence and leadership in the automotive SaaS industry. With each new customer we bring on board, we gain valuable insights that fuel our innovation and propel us forward. This synergistic relationship and our relentless commitment to excellence are the driving forces behind our remarkable achievements.

From an operational standpoint, in 2023 we worked on the integration and alignment of recently acquired companies and employees within the Group. As a result of these efforts, most of the costs required to obtain synergies are now behind us and I am pleased to announce that we have reached the critical infrastructure size to seize the vast market opportunities. Moreover, we are now ready to pursue both fast growth and profitability, benefiting from substantial operating leverage going forward. This achievement marks a crucial milestone for the Company and leads us to confirm the commitment to generate positive cash EBITDA in 2024.

OUR STRATEGY

The mobility sector is undergoing significant changes that require high adaptability and fast response times. At MotorK we never slow down, consistently delivering successful results, even in challenging times, thanks to our commitment to people, technology and mobility.

We keep heavily investing in the biggest R&D team of the European digital automotive industry, encompassing 121 members, to foster the innovation spark of our talented people. Our passion for mobility guides everything we do, helping us

Committed annual recurring revenues (CARR)[1]
€38.6m
2022: €29.8m

SparKers[2]
449
2022: 453

R&D team
121
2022: 121

understand and anticipate the trends. One of the main reasons for our success is the continuous improvements of our Spark platform. Providing dealers and OEMs with a one-stop solution that caters to the needs of end customers, its innovative, modular and customisable tools can adapt to diverse contexts and strategic implementations.

This approach promotes on the one hand continuous product development, working day by day together with our customers, while on the other hand ensures a seamless and satisfying user experience.

As innovation has always been part of our DNA, we implement new product features daily based on the feedback we receive and our vision of the automotive industry of the future. We have been focusing on AI integration at the basis of our SparK platform, recognising its cross-cutting potential early on and staying ahead of the curve. As a result, I am proud to announce that in 2023 we launched Tech LABS, an innovation hub dedicated to research and development, with a specific focus on AI, and we continued to improve our platform AI tools and integrations, first launched in 2022. PredictSpark, our AI-powered feature, analyses user behaviour patterns and predicts customer needs, enabling dealers to anticipate and address customer queries proactively. This predictive capability empowers dealerships to provide personalised and tailored experiences, enhancing customer satisfaction and driving sales.

While increasing and maintaining the former strategic mass is vital for the growth of a company, the latter encapsulates a high potential for migration, cross and upselling. As demonstrated by our results and the Dapda case study in Spain, the process of onboarding new customers onto the full MotorK journey confirmed the efficacy of our up and cross-selling strategy. The near-term objective is to emulate this procedural success in Germany, capitalising on the current momentum within the market. (Learn more about this on page 23.)

Enterprise customers (large OEM companies) proved to be a pivotal emphasis in 2023. This deliberate focus accentuates the significance of the Spark platform as a fundamental driver in shaping the trajectory and future of our Company, and reflects our pledge to deliver tailored and impactful solutions.

Consolidating our base is the last key step of our strategy. In May, we acquired GestionaleAuto.com, one of the main automotive SaaS in Italy, becoming the undisputed leader in the region. We joined forces to create an even more comprehensive and innovative offering for dealerships and automotive retailers. Moreover, through the engagement of the acquired independent dealers we increased our cross-selling potential while creating a blueprint to apply the process in other countries.

1 This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Reconciliation with the accounts is provided on page 152 of this Annual Report.
2 Number of employees as at the end of the reporting period. Please refer to page 43 of this Annual Report.

EXECUTIVE MANAGEMENT TEAM UPDATE

This year, we formalised our dedication to our SparKers with the appointment of Daria Grazzi, new CHRO. She brings with her over 20 years' experience with scale-ups and integration processes, together with her sensibility and experience with ED&I themes. Under her guide, most of our initiatives revolved around the optimisation and facilitation of the interdepartmental interactions, the integration of the new employees coming from the acquired companies, in addition to the continued work on the grading system and training. I am proud to say that our SparKers come from more than 30 nations and that MotorK encourages a culture of inclusion and engagement, reflected in strong participation in employee surveys and close collaboration with external stakeholders, including investors, customers and suppliers.

READ MORE: **PAGE 26**

Our commitment to deliver the best solutions to our customers was endorsed by the appointment of Philippe Shulz, our new Chief Customer Officer (CCO). He has over 30 years of experience in digital companies and is now the head of the operational departments, from supporting training to professional services, to ensuring the implementation and optimisation of the Company's offering. In April 2024 we are glad to welcome on board Boaz Zilberman as a Chief Operating Officer, who will play a key role in boosting the Company growth.

IN CONCLUSION

I take pride in the achievements of the MotorK family this year, navigating challenges with resilience and determination. Our adherence to the growth strategy has again yielded strong results. I am particularly pleased with the strategic decision to prepare the Company for profitability and scaling opportunities. As we reflect on the achievements of the year, I extend sincere thanks to our shareholders. On behalf of the Board of Directors and the MotorK Senior Executive Team, your unwavering support is greatly appreciated. The following pages of this report demonstrate our essential role in shaping the industry, confirm the soundness of our business and reaffirm the clarity of our strategic direction.

We are committed to expanding our global reach, strengthening our partnerships and investing in cutting-edge technologies. Together with our valued customers, we will continue to shape the future of automotive technology, enabling businesses to thrive in an ever-changing landscape. Thank you for being part of our journey.

Amir Rosentuler
Executive Chairman

"Our adherence to the growth strategy has again yielded strong results. I am particularly pleased with the strategic decision to prepare the company for profitability and scaling opportunities."

Q&A WITH MARCO MARLIA

"In 2023, the Group maintained a robust growth trajectory and accelerated the integration of recently acquired companies, positioning itself for sustained growth and efficiency synergies in the coming years."

Q: Can you detail the achieved growth trajectory and results for this year?

A: This year we kept working hard to develop exceptional digital sales and marketing solutions for our customers, solidifying our position as the undisputed European leader in the sector. Our Committed Annual Recurring Revenue (CARR) reached an impressive €38.6 million, reflecting a remarkable 39% year-on-year increase in underlying ARR. Recurring billings surged by an outstanding 50%, underscoring the Group's successful transition towards a predominantly recurring business model.

Our Retail segment continues to be a significant contributor to our success, achieving an impressive 27% growth and reaching €26.7 million ARR. We are proud to report that our customer base has increased by 20% to 891 by the end of FY2023, which is a testament to our strong commercial momentum. MotorK demonstrates its ability to maintain and improve relationships with existing clients through strong organic indicators, including a Net Revenue Retention (NRR) of 113.1% and a low churn rate, all of which have translated into a healthy increase in Retail average Annual Contract Value (ACV), up to a new high of €19.5 thousand this year. Furthermore, our SparK platform, which was launched just over a year ago, has proven to be a commercial success, constituting over 10% of the Retail ARR in FY2023.

Our product's one-stop-shop nature perfectly embodies our Land and Expand strategy. Our Retail segment has significant untapped growth potential, particularly from customers acquired through M&A with below-organic average ACV, providing opportunities for sustainable growth.

In FY2023, the Enterprise segment experienced significant growth, increasing from €3.5 million ARR to €7.5 million, with an additional €1.6 million of CARR for the year to come. The success of our strategic initiatives implemented in the latter part of FY2022 is highlighted by the substantial increase in sales. The creation of a dedicated Enterprise team, consisting of specialised sales and customer success managers, has been crucial in achieving this. The Enterprise team transitioned from a tactical approach to a strategic pillar, effectively addressing growing market opportunities throughout Europe.

In FY2023, the Enterprise segment experienced a significant 90% increase in clients, from 20 in FY2022 to 38, demonstrating its potential for growth. Additionally, the segment maintained and strengthened relationships with existing clients, achieving an NRR of 129%, which is above the retail average. The Enterprise segment is crucial to our continued growth, highlighting its strategic importance within our overall trajectory.

Our commercial momentum is supported by a substantial pipeline in both the Retail and Enterprise segments, worth €13 million as of 31 December, providing strong revenue visibility for the upcoming year.

We are pleased to share these significant outcomes and express our appreciation to all SparKers, partners and investors for their invaluable contributions in reshaping the mobility sector. Together, we have delivered an exceptionally successful year for MotorK.

Q: Can you elaborate on your commitment to achieving positive cash EBITDA?

A: In 2022, MotorK achieved significant growth through strategic investments, team and infrastructure expansion and consolidation of five recently acquired businesses. These efforts resulted in an increased cost base, which was clearly reflected in the near doubling of our FTE headcount to 453. This way, the Group strategically achieved critical mass, paving the way for scalable growth across Europe and improved R&D capabilities. With 121 employees, the Group built the largest R&D team in the digital automotive sector.

In FY2023, we focused on assimilating FY2022 investments, with increased costs reflecting both the run-rate impact and additional expenses for activating synergies in newly acquired companies. The year was characterised by consolidation, streamlining operations and eliminating redundancies. As a result, adjusted EBITDA for this year registered a loss of €1.4 million, compared to positive €0.2 million in 2022. It is important to note that the stability in FTEs for FY2023 indicates that no major investments are required for scalable growth. Thus, looking ahead to FY2024, the Group is committed to achieve full operating leverage by maintaining a steady cost base, which will enhance profitability in the form of a positive cash EBITDA position.

Q: Could you comment on the external growth strategy overall this year?

A: Although 2023 was more a year of integration of the five recently acquired companies, we believe that external growth is pivotal in such a fragmented market. In the first half of the year, we pursued the acquisition of GestionaleAuto.com, leading provider of digital solutions in the automotive sector in Italy. This operation granted us access to independent dealerships, a strong base for future growth in the region. We are pleased to welcome the GestionaleAuto.com team to the MotorK family. Their strong reputation and excellent customer relationships provide us with further development opportunities in one of our key markets, accelerating our growth path and strengthening our leadership in Europe.

Together, we will continue to transform the automotive distribution industry by offering our innovative digital solutions to an ever-expanding network of customers, now counting more than 5,200 dealers.

Q: What were the main initiatives regarding Environmental, Social and Governance (ESG)?

A: This year we focused on people – the fuel for innovation and our most valuable asset. We now share our offices with 449 employees coming from 31 different countries. After such a successful transformation, we felt the need to focus even more on creating an engaging and inclusive environment, starting from talent acquisition across the talent development initiatives. In parallel, we extended our commitment to make the automotive industry an attractive sector for women through our Business Development Centre (BDC) manager and Automotive Digital Manager (ADM) certifications.

On the environmental front, we aim to protect the locations in which we operate as a business and to minimise our impact through our new travel and car policies and the use of renewable energy for most of the offices. We also worked on implementing best practice in our governance, ensuring transparency and the highest ethical standards within the business through a clear structure. (See more on how we integrate our ESG activities into our day-to-day operations on pages 25–34.)

Q: What is the role of AI in the future of the automotive industry?

A: AI is going to be a disruptive element in all industries and automotive distribution will be no exception. As pioneers in this field, we have embraced AI's cross-cutting potential ahead of the curve and integrated digital solutions that have revolutionised automotive retail such as PredictSparK, a platform integrated tool. By leveraging AI potential, it helps our customers optimise operations with predictive maintenance and after-sales service. In the pilot phase alone, it sent almost three million communications to more than one million end users of our customers base.

In 2023, we also took a bold step forward in our AI commitment by investing further in research capabilities to develop automotive-first AI-based tools through Tech LABS ambitious initiative. Tech LABS is our technology research and development hub, leading innovation in the European automotive industry. Aligned with our R&D plan, which invested 34% of our revenues in 2023 (37% in 2022), Tech LABS plays a pivotal role in designing and implementing new technologies with a special focus on AI potential. Our innovations aim to improve the automotive customer experience, optimise business operations, reduce costs and facilitate the daily activities of our dealers. This initiative not only leverages technology but also attracts and nurtures top-tier talent, bringing together a team of experts and AI enthusiasts.

Q: What can we expect from MotorK in 2024?

A: As we move into 2024, we have a growing commercial pipeline valued at €8.4 million in Retail and €6.2 million in the Enterprise segment. Additionally, we will benefit from the conversion of the committed component of CARR of €4.5 million. On this basis, we are confident in our growth trajectory and aim to achieve a minimum CARR of €50 million by the end of 2024. As we pursue sustained growth, we are committed to full operating leverage achieving cash EBITDA positivity on the full-year basis, marking a significant milestone for the Group.

The development of our SparK platform is crucial as we enhance its capabilities through AI integration, providing more value to our customers and equipping them with solutions to navigate the forces that shape our industry. While promoting innovation, the effective migration of acquired customers will play a critical role in increasing our up- and cross-selling potential, along with organic expansion.

Marco Marlia
Chief Executive Officer

MARKET OVERVIEW

"By anticipating trends, we can leverage the AI potential to develop and deliver solutions providing added value for our clients, once again accompanying them along the transformation of the mobility ecosystem."

Marco Marlia
CEO

TRENDS FOR 2023 AND BEYOND

The mobility sector is undergoing a transformative journey driven by three key trends: sustainability, technology and regulatory changes. These forces are shaping the future of the industry, demanding innovative solutions and strategic adaptations from the players.

THE FUTURE OF AUTOMOTIVE RETAIL

As the mobility sector embraces these new trends, technological advancements will be at the heart of this transformation. OEMs are investing heavily in research and development to bring these innovations to market, with a focus on faster launch times and high precision. The rise of e-commerce is also shaping the retail landscape, with new contractual forms in Europe allowing for selective distribution and a departure from exclusive dealer agreements. Despite the new trends of the market, MotorK products are designed and ready to embrace such challenges without impacting significantly our proposition.

The future of mobility is deeply interconnected with data, as it will be used to optimise transportation systems, personalise user experiences and drive innovation. Automotive companies are collecting vast amounts of data from vehicles, drivers and the environment, creating a rich repository of insights that can be used to enhance safety, efficiency and convenience.

Dealerships must adapt to this evolving landscape by adopting strategies that seamlessly integrate online and offline experiences. Digital showrooms, virtual sales consultations and online financing options are becoming increasingly prevalent, offering customers greater convenience and accessibility. Investments in digital tools, data analytics platforms and AI-powered solutions are crucial for enhancing customer service, optimising operations and personalising experiences. Building strong customer relationships through personalised communication, targeted marketing and exceptional service experiences is paramount for fostering loyalty.

OUR MARKET POSITION

MotorK's market position is distinguished by its unparalleled strengths in the automotive digital industry. With the largest Research and development team in Europe, we leverage cutting-edge technology to surpass local players and stand out as one of the few vendors operating at scale in a fragmented market. Our native SaaS multi-tenant platform not only competes effectively against legacy on-premises Dealer Management System players but also ensures operational efficiency across a broad geographical footprint. Our strategic foresight is evident in our early adoption of a multi-country strategy, anticipating the needs of OEMs and providing a distinctive edge. In addition, our infrastructure is fully integrated into the automotive ecosystem through over 200 APIs, creating significant barriers to entry. As a multi-national company operating in eight countries, MotorK's commitment to innovation and technological leadership is evident, not only in our market share, which stands at 1.1%, but also in our position as a trailblazer in the evolving landscape of automotive digital solutions.

01.

TREND I: SUSTAINABILITY

Sustainability is paramount in the mobility sector, with consumers and governments seeking environmentally responsible transportation options. Electrification is at the forefront of this movement, with the transition to electric vehicles (EVs) gaining momentum. Governments worldwide are setting ambitious targets for EV adoption and automakers are responding with expanding EV lineups. The European climate law mandates the achievement of the EU's climate goal of reducing emissions by at least 55% by 2030. EU member states are currently developing new legislation to attain this objective and make the EU climate-neutral by 2050.

The shift to EVs includes more than powertrain technology; it requires a holistic transformation of the transportation landscape. This includes developing extensive charging infrastructure, innovating battery technologies and shifting consumer behaviour towards shared mobility solutions, such as car sharing and ride-hailing. These new forms of mobility are gaining traction, offering a more sustainable and convenient alternative to private vehicle ownership. These services reduce congestion and emissions in urban areas, aligning with consumer preferences and environmental goals. Dealerships and OEMs can capitalise on this trend by developing partnerships with shared mobility providers, expanding their reach and customer base.

02.

TREND II: TECHNOLOGY

The mobility sector is embracing technology at an unprecedented pace, revolutionising transportation systems and user experiences. The integration of the Internet of Things in vehicles enhances vehicle connectivity, enabling real-time data exchange and advanced features like remote diagnostics and Over-the-Air updates.

Autonomous driving technology is advancing rapidly, with companies developing sophisticated systems that enable vehicles to navigate roads and traffic without human intervention. While fully autonomous vehicles remain in the testing phase, Advanced Driver-Assistance Systems are becoming increasingly prevalent, providing drivers with enhanced safety and convenience.

AI is transforming the automotive industry, powering predictive maintenance, personalised customer experiences and intelligent navigation systems. It is also being used to optimise manufacturing processes, reducing costs and improving efficiency.

Data is emerging as the key currency for unlocking new opportunities and optimising business strategies across the mobility landscape. Therefore, data-driven sales and marketing have become indispensable tools for mobility companies seeking to enhance customer engagement, improve sales conversion rates and drive business growth. By leveraging data insights, companies can identify target market segments, personalise customer interactions and deliver tailored marketing campaigns that resonate with individual preferences. In the automotive industry, data-driven sales strategies are enabling dealerships to streamline customer interactions, anticipate vehicle needs and provide personalised recommendations. OEMs are using data analytics to optimise product development, improve supply chain management and enhance customer service.

For shared mobility providers, data is crucial for managing fleets effectively, optimising route planning and understanding customer behaviour patterns. By analysing rider data, companies can improve ride matching algorithms, personalise pricing models and enhance customer satisfaction.

03.

TREND III: REGULATORY CHANGES

The introduction of agency agreements is accompanied by regulatory changes. Upcoming reforms, such as changes in European block exemption regulations, will affect how OEMs operate wholesale and agency models.

The agency model in the automotive industry represents a transformative shift in sales and distribution dynamics. In this innovative approach, OEMs sell cars directly to consumers, bypassing the traditional dealership model to become retailers. This model establishes a clear division of roles and responsibilities between OEMs and dealers, with the aim of enhancing efficiency and transparency in the car-buying process. In a pure agency model, the OEM assumes crucial tasks such as pricing, customer relationship management and inventory and administration responsibilities. This strategic shift enables OEMs to collect valuable customer data, optimise pricing and improve profitability and customer satisfaction. Dealers, acting as agents, focus on providing support and services to customers. Variations within this model, such as the Service Provider Agreement, offer flexibility while maintaining control primarily in the hands of the manufacturer.

Manufacturers are increasingly adopting the agency model in response to changing consumer preferences and the demand for a streamlined and transparent car-buying experience. The move towards digitalisation and e-commerce is in line with consumer expectations for a seamless, omnichannel experience that emphasises clear pricing and minimal negotiation. The agency model responds to customer demand for a simplified and streamlined car-buying process, focusing on customer service, support and fixed pricing for consistency.

OUR MARKET

ADDRESSABLE MARKET

Based on the current market pricing, the management team estimates that the core market in the top five European countries is worth €4 billion, including both franchised dealerships and OEMs. Expanding the scope to include the entire European market, including all franchised dealerships, OEMs and Small and Medium-sized Businesses (SMBs), increases the total addressable market to €6.2 billion[1].

Italy has performed well, demonstrating a growth trajectory that aligns with its solid track records. This mature core country continues to drive the Group's overall success. The acquisition of GestionaleAuto.com, leading digital automotive retail solutions provider in Italy, not only strengthens our position as undisputed leader of the region but also presents an opportunity to leverage synergies and expand offerings to a broader customer base in this core market, through a new network of over 2,000 independent dealers. The Italian legal entities have recorded 63% of total Group revenues in FY2023 (67% of total revenues in FY2022).

The pipeline signals promising growth, driven by successful SparK platform implementation after an initial slower start. The migration and integration of Dapda clients is playing a pivotal role in the substantial increase in newly won ACV, while new leadership and a restructured sales organisation create a strong commercial momentum going forward. With an average ACV at acquisition of €6k, compared to the Group average of €19.5k and the platform offerings at €30k, the growth potential of this new 1,000 customer base is evident. The Spanish legal entity has recorded 10% of total Group revenues in FY2023 (12% of total revenues in FY2022).

The performance in France demonstrates strength, reaffirming its status as one of our core markets and driving Group performance. The acquisitions of Fidcar and FranceProNet have strengthened our presence in the region and the outlook for future growth looks promising. This is due to cross-selling and up-selling initiatives and to platform migration. After the completion of the Fidcar migration process, FranceProNet customer base is steadily progressing with MotorK's products adoption. The French legal entity has recorded 14% of total Group revenues in FY2023 (14% of total revenues in FY2022).

Performance in the region started to increase the pace, after a slow start at the beginning of the year. As the team strengthens its capabilities, we are now strategically positioned with a robust qualified pipeline. In addition, the acquired client base of 725 clients, together with the potential of the SparK platform, offer promising growth opportunities in line with a migration approach that mirrors our successful strategy in Spain. These strategic advances provide a solid foundation to seamlessly fill gaps and drive sustainable growth in the German market as we move forward. The German legal entities have recorded 7% of total Group revenues in FY2023 (3% of total revenues in FY2022).

In Benelux, MotorK delivered solid overall results in line with expectations. The migration of FusionIT (Carflow) customers to the MotorK platform has been delayed due to the prioritisation of the integration efforts in Spain but is now live with tangible cross-sell opportunities going forward. With an acquired robust customer base of 530 clients, MotorK reinforced the footprint in the region and sees a high potential for cross-sell and future platform migration, following the Land and Expand strategy. In the Benelux area, the legal entity has recorded 6% of total Group revenues in FY2023 (4% of total revenues in FY2022).

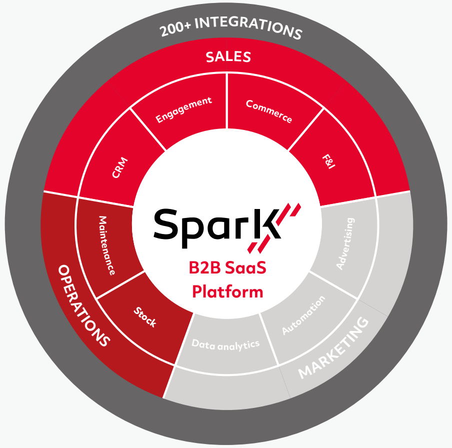
1 Source: ICDP European Car Distribution Handbook, CLIMMAR, GIPA Declarations enseigne, AECDR, Cecra, Statista, Managements assumptions on potencial ACV.

CREATING VALUE FOR STAKEHOLDERS

OUR HOLISTIC PLATFORM

The Group empowers B2B automotive players across EMEA with SparK, a unique holistic SaaS platform. SparK acts as a tailored 'agent' for dealerships and OEMs, managing online presence, stock visibility, lead generation, sales and even after-sales relationships, all while providing a seamless omnichannel experience for end customers. This customer-centric approach, coupled with our commitment to R&D and innovative solutions, fuels a subscription-based business model and ensures both dealer success and a positive brand experience for the future of automotive.

We have incredibly talented teams who are focused on providing our customers with cutting-edge innovative solutions on a daily basis. Inspired by our Innovate, Land and Expand and Consolidate strategy together with our set of core values, our experienced executive team have established a clear strategic path for sustainable growth. The Group has achieved increased geographic diversification of its revenue both through acquisitions and organic growth. This contributed to making it the leading SaaS Company for the automotive industry in Europe and one of the fastest-growing digital companies.



SaaS recurring revenue as % of total revenue[1]

75%

2022: 70%

Customers

5,200

2022: 3,200

1 Please refer to the Financial and Operating Review section on page 38.

A GROWING BASE OF RECURRING REVENUES

MotorK's SaaS platform products are usually provided to dealerships through subscription agreements lasting between 12 and 36 months (some agreements may be longer). These contracts generate recurring revenues that are recognised upon platform delivery and produce visible cash flows for the company, supporting the ongoing development of the platform to deliver additional value-added functionality, creating further customer loyalty. The average annual contract value for this customer group was €19.5k in FY2023 (compared to €17.8k in FY2022), with relatively short sales cycles of around one to two months.

OEM customers sign much larger SaaS contracts, with contract values starting at €100,000 and potentially rising to several million euros. Due to the scale and complexity of these deals, sales cycles typically last nine to 12 months and contracts are usually signed for two years, whether they are new or renewed.

OUR STAKEHOLDERS

In our journey as a SaaS platform, we are deeply committed to striking a delicate equilibrium that caters to the varied interests of our key stakeholders. This commitment extends beyond short-term gains, emphasising our dedication to fostering sustainable growth and creating enduring value over the medium and long term.

CUSTOMERS

SparK is not just a platform; it's a transformative force for automotive retailers, revolutionising their approach to digital sales. We work day by day together with our dealers and OEMs to provide a seamlessly integrated digital buying experience for their customers. It goes beyond a transaction; it's a digital journey that reshapes the automotive retail landscape.

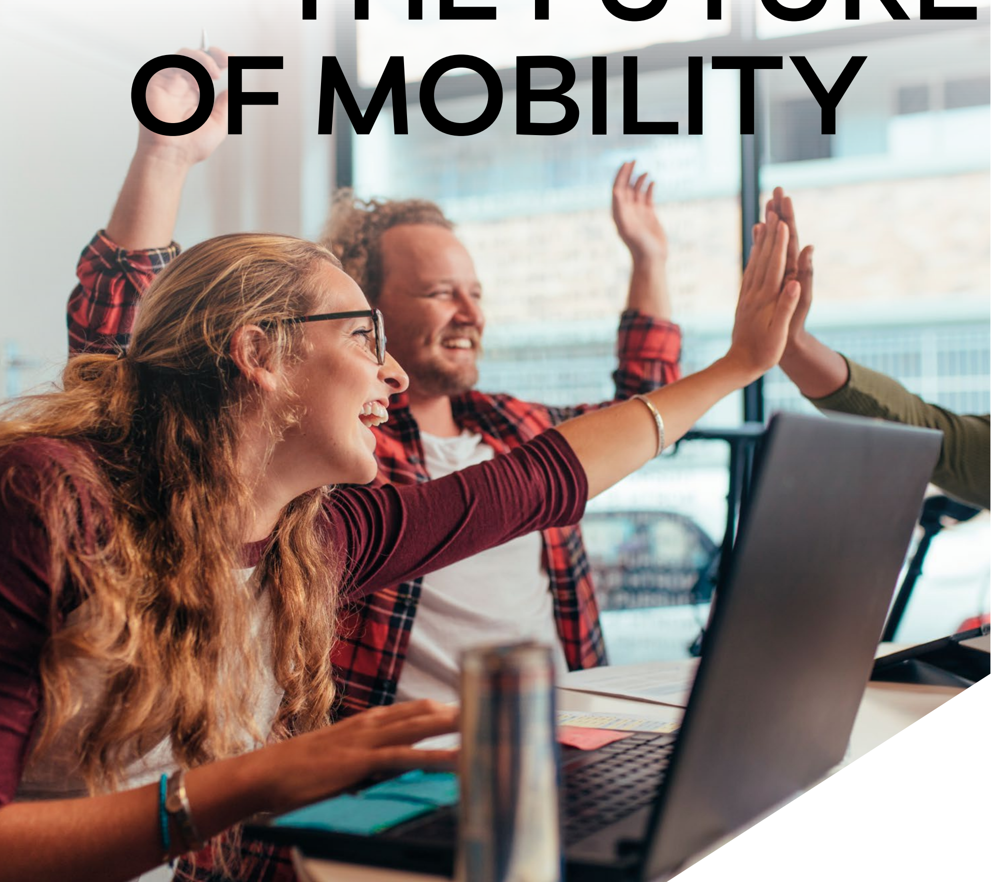
EMPLOYEES

At MotorK, our strength lies in the passion and expertise of our SparKers. We entrust our team with the responsibility of delivering excellence in every project and to every customer. By championing a culture of trust and support, we enable our SparKers to thrive, ensuring that their dedication remains the driving force behind our success as a SaaS platform.

INVESTORS

MotorK is a high-growth, mission-critical technology company, employing a financial model that generates high levels of recurring revenues and cash flow. These features should generate attractive investment returns for shareholders. As the Company complements organic growth with acquisitions, it intends to create step-changes in its growth profile over time, accelerating investment returns.

SHAPING THE FUTURE OF MOBILITY



WE ARE PLAYING A KEY ROLE IN THE DIGITALISATION OF THE AUTOMOTIVE RETAIL INDUSTRY.

Since the Company was established in 2010, the automotive industry has been radically transformed by the digital revolution, a process accelerated by the Covid-19 pandemic and the related restrictions. The traditional business model no longer meets the needs of customers, creating an experience gap between supply and demand.

With our technology, we are playing a leading role in the digital disruption of automotive distribution.

Our vision and mission are closely tied to our foundations (see more about Technology, Mobility and People on pages 5–7) and our core values that guide our decision making and behaviours.

OUR VALUES

Customer obsessed
Our customers are at the centre of what we do. We deliver the best customer experience to build trust and help them excel.

Forward thinking
We dare to be different, always thinking of the next big thing. Fighting the status quo is our essence, excellence is our measure.

Results driven
We never stand still; we get things done. In everything we do we want to make an impact.

Always ambitious
There is a spark in each of us. We are bold, we are fast. We are creative, we are adventurous. We are a contagious force of nature.

Empowering inclusion
We are guided by integrity and fairness and prioritise work-life balance. We are stronger because of our differences, making us a better company.

Our core values also underpin our three strategic pillars:

INNOVATE

LAND AND EXPAND

CONSOLIDATE

INNOVATE

"With the kick-off of Tech LABS, we dare to experiment and be bold to take our technology offer to the next level."

Marco Marlia
Chief Executive Officer

R&D investments as a % of Group total revenues

34%

2022: 37%

Number of staff in R&D

121

2022: 121

At MotorK, we were the first to introduce digital solutions to revolutionise automotive retail. Last year, we launched the SparK platform, a single, natively integrated, multifunctional environment that provides dealers and car manufacturers with innovative solutions for their digital activities, from lead management to after-sale services. In 2023, we continued to strengthen our commitment to working closely with our customers to deliver new and useful features on a daily basis. This will enhance the overall performance of our tools and help our customers excel in all their tasks. In addition, we have focused our efforts on two core dimensions of SparK: AI and cybersecurity.

The programme at the heart of our AI project is Tech LABS, a research and development hub for technology in the European automotive industry. Tech LABS is aligned with the Company's R&D plan, which invested 34% of revenues in 2023. Its purpose is to design and implement new technologies that enhance the automotive customer experience, making it more seamless and tailor-made. Additionally, it optimises business operations, reduces costs, and facilitates the daily activities of dealers. With Tech LABS, MotorK aims to explore innovation and provide cross-country training with the help of company experts and AI specialists recruited specifically for this project. This is a significant step towards establishing MotorK as a technology leader, with R&D serving our mission to shape the future of mobility and the automotive retail industry. Furthermore, this initiative enhanced the Company's visibility for attracting and nurturing talent, which is another crucial aspect for a rapidly expanding Group.

(For more information on the impact of Tech LABS on our talent attraction, refer to page 28.)

As data becomes an increasingly valuable asset and cyber threats continue to rise in frequency and impact across all industries, we focused on implementing the highest standards of security in our solutions to safeguard the information of dealers, OEMs, and end-customers. This includes undergoing the ISO 27001:2022 certification process and focusing on two-factor authentication in our tools. For more information on cybersecurity and ISO 27001:2022, please refer to page 34.

FUTURE PRIORITIES

- Extend product categories
- Maintain healthy R&D investment levels
- Embrace future industry trends

Spark

WEB
- Digital showroom
- Automotive-specific content

STOCK
- Advanced stock management
  360-degree photo app

E-REPUTATION
- Management of online reviews
- E-reputation analytics

RESERVE AND PAY
- Vehicle reservation and online checkout

LEAD/CRM
- Advanced lead acquisition and management

LIVE ASSISTANCE
- Live chat and chat bots
- Co-browsing

AI
- Predictive marketing
- Smart data

LAND AND EXPAND

Our expertise in understanding customer needs and developing the technical tools and solutions they require to succeed are the foundations of our strong relationships across the mobility market.

Through our SaaS model, we offer dealerships and OEMs a simple way to engage with our software. Customers may choose only to access a single module and typically begin with a basic subscription that allows only a limited number of users. As they become more confident in deploying the platform in their business, we are able to add value by offering more functionality to suit their needs.

PROGRESS DURING THE YEAR

As a result of this effective go-to-market approach, we have continued to grow the ratio between CARR and number of customers.

Real value is best communicated when customers share first-hand accounts of how the platform has enhanced their operations, streamlined processes and delivered tangible benefits, providing prospective users with authentic insights into its practical applications and positive impact on their business. The following examples demonstrate the value of our SparK platform.

53%

Increase in leads vs 2022

13%

Increase in click-through rate compared to 2022

OUR PLATFORM IN ACTION: TIRLONI & C. SRL

In a time when the automotive industry is undergoing a digital revolution, dealerships need to adapt to stay competitive. Tirloni & C. SRL, a dealership in southern Milan, has embraced this challenge with the support of MotorK.

Founded in 1969, the company offers a complete service from sales to aftersales and boasts a loyal customer base. Andrea Nardelli, Digital Manager, acknowledges the fundamental role of MotorK's Automotive Digital Manager training in making key aspects of his role more effective (read more about MotorK certifications and training on page 31.) The company's push towards digitalisation began with an analysis of the main areas of intervention (technology, organisation, processes and marketing) to develop a customer-centric process. At the time, Tirloni & C. SRL did not have specific digital tools for lead management, with leads coming mostly from the manufacturer's website via email, while the stock was managed by another multi-publisher programme.

The adoption of WebSparK, providing a functional website for attracting traffic and meeting user needs, helped the dealership to record a 53% increase in leads in 2023 compared to 2022 and a 13.8% increase in overall click-through rate. The introduction of LeadSparK led to a surge in the volume of customer touchpoints, thus increasing sales opportunities in crucial stages of the customer journey and StockSpark provided a centralised system for inventory management and multi-publishing. The team gradually incorporated the tools provided by MotorK, achieving significant improvements in data management, processes and customer relationships. The use of LeadSparK has encouraged the development of a digital culture within the dealership, with plans for new tools to improve the quality and implementation of data collection and organisation and the launch of marketing activities enabled by proper customer data management.

Tirloni & C. SRL is an example of successful digital transformation, demonstrating that adopting integrated solutions specifically designed for the automotive sector can lead to tangible results and more efficient management of the entire sales process. The partnership with MotorK has opened new opportunities, enabling the dealership to continue meeting the needs of customers in an increasingly digital world. Read more about our customers' success stories on our website.

UNTAPPED POTENTIAL FROM ACQUISITIONS: DAPDA

MotorK's M&A strategy has proven to be a driving force behind the company's growth. Recent performance in Spain has validated the Group's approach, centred around unlocking untapped potential within the customer base through up-selling and cross-selling opportunities.

While the integration of Dapda in Spain took slightly longer than anticipated to fully align with the MotorK ecosystem, the migration is now live and yielding results. This demonstrates the significant growth potential within the Company's existing customer base, as migrating acquired customers to the full MotorK journey generates substantial value.

Analysis of the performance of a group of customers in Spain exemplifies how MotorK enables car manufacturers and dealers to enhance their customer experience through a range of fully integrated digital products and services. At the time of acquisition, the average ACV of Dapda customers was €6.1k. The dealers were in the early stages of their digital integration process and during their initial migration to MotorK products, they chose our CRM (Customer Relationship Management), stock management and reputation services to complement their initial website offer. This resulted in a substantial average ACV increase to €11.9k, effectively doubling the initial value.

Over time, customers sought an integrated and future-proof solution in SparK, subscribing to more modules. This cross-selling resulted in an average increase in ACV of €17k, representing an almost fivefold increase over the initial value and a final ACV of €28.9k. Compared to the Group's average of €19.5k, the growth potential is evident.

FUTURE PRIORITIES

- Unlock value from our base
- Increase multi-product adoption with SparK
- Strengthen focus on enterprise customers
- Leverage Spain migration blueprint for Webmobil24 customers

CONSOLIDATE

MotorK aims to consolidate its leadership of the European digital automotive retail sector through acquisition and strategically entering new markets.

Acquisitions since 2016

9

Completed transactions in 2023

1

PROGRESS DURING THE YEAR

Last year was a year of stabilisation, during which we focused on the integration and streamlining of the five acquisitions completed in 2021 and 2022.

Nonetheless, consistent with the successful approach we have employed since 2010, we continued to evaluate prospective acquisitions that:

- offer potential for us to add market share or to enhance our attractive recurring revenue model;
- offer potential for expanding our customer base or providing cross-sell opportunities for our existing products; and/or
- provide access to innovative products that are complementary to our existing products.

During the year, we completed the acquisition of GestionaleAuto.com, a leading automotive retail solutions provider in Italy. This deal not only strengthened MotorK's market position but was an opportunity to enter the independent dealers', segment, leverage complementary strengths and expand offerings to a larger customer base in a core market.

Established in 2004, GestionaleAuto.com is a leading player in the Italian digital automotive retail market, specialising in SaaS. The company provides car dealers with a comprehensive suite of digital solutions, including multi-publishing stock management, omnichannel digital showroom capabilities and lead generation and follow-up.

In 2022, GestionaleAuto.com reported revenues of around €2.0 million, achieving significant double-digit year-on-year growth. The acquisition of GestionaleAuto.com aligns with MotorK's M&A strategy, which aims to consolidate the market and fortify its leadership position within Europe's digital automotive retail market.

FUTURE PRIORITIES

- Acquire market share
- Enter new markets
- Consolidate European leadership

RESPONSIBLE BUSINESS

Our passion is the digital automotive industry and we are determined to be the technology partner of choice for mobility solutions. Achieving our vision involves more than just technological innovation; it requires us to be a supportive employer, a responsible corporate citizen and a positive force in our local communities. Since we were founded in 2010, the mobility sector has undergone significant change, with a strong focus on sustainability. As stakeholders increasingly prioritise responsible business practices, MotorK cultivates values that define us as an employer that is deeply invested in our colleagues, communities and the environment.

While we are proud of our achievements, we recognise there is more to do on our ESG journey. For this reason, even if the Group is not required to comply with the TCFD requirements, in 2023 we decided to develop our ESG targets on what matters most in a SaaS company: our people. This year we have made significant progress in our people initiatives, particularly in talent attraction and development. We are committed to creating a workplace where employees and customers feel valued and engaged and we believe these initiatives will help us achieve our goals in this area.

Our commitment to sustainability is outlined under three key pillars:

PEOPLE

- Our approach to managing relationships with our employees helps us to foster an inclusive culture and a positive work environment.

PLANET

- Planet: we seek to minimise our environmental impact and support the transition to a low-carbon business.

GOVERNANCE

- We provide insight into how we run our business, covering aspects such as executive remuneration, auditing, internal controls and shareholder rights.

We support the UN Sustainable Development Goals (SDGs), a set of 17 global goals developed to define global priorities and address major societal and environmental concerns. We have identified six priority SDGs[1] and specific targets that sit beneath those, to which we are making a positive contribution.

Relevant UN SDGs and targets	How we contribute
SDG 3 **Good health and wellbeing** Ensure healthy lives and promote wellbeing for all at all ages	We work to promote the wellbeing of all our colleagues by providing support when needed as well as incentivising self-care activities. We are working to develop an online platform to allow on-demand access to resources and have a hybrid work policy. We acknowledge the right to safe and healthy working conditions, as outlined in the International Covenant on Economic and Social Rights, particularly in Part III, Article 7(b).
SDG 4 **Quality education** – ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. **Relevant targets: 4.3, 4.4, 4.5, 4.7**	Our investment in training and development supports all our colleagues, ensuring their skills remain relevant to the evolving needs of MotorK and to wider society. We are working to encourage greater diversity at all levels of our organisation.
SDG 5 Achieve gender equality and empower all women and girls. **Relevant targets: 5.1, 5.5**	Beyond our 'business as usual' approach to recruitment and promotion based on equal opportunities and fair remuneration, we are actively working to increase the attractiveness of the historically male-dominated automotive sector to women, with the aim of increasing female representation at both management and Board level. We encourage the participation of women in the mobility sector by offering certification programmes and training.
SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. **Relevant targets: 8.2, 8.5, 8.6, 8.8**	Our solutions enhance our customers' productivity and sales opportunities, contributing to economic growth and MotorK's own growth creates rewarding and fulfilling employment for people in the communities in which we operate. Growth of our business also promotes job creation, both for people at the beginning of their careers and for experienced hires who bring new skills into the business.
SDG 9 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. **Relevant targets: 9.5**	Our commitment to innovation is at the heart of MotorK's vision, mission and values and is demonstrated by our tech team of 121 people and our significant investment of revenue in R&D.
SDG 12 Ensure sustainable consumption and production patterns. **Relevant targets: 12.5, 12.6**	We are looking to increase the adoption of sustainable practices throughout MotorK and are working to improve measurement and reporting of our impact and initiatives.

1 SDGs – Sustainable Development Goals, United Nations, 2030 Agenda for Sustainable Development.

PEOPLE

UNLOCKING OUR SPARKERS POTENTIAL

SparKers are MotorK's most important asset, so we are dedicated to creating the best possible work environment. To bring our talent management and diversity and inclusion commitment to a higher level, in April we welcomed our new CHRO, Daria Grazzi. She brings with her over 20 years' experience in human resources, spanning both traditional and digital businesses. In addition, her expertise in M&A integration processes, start-ups and scale-ups is particularly valuable to seamlessly migrate and integrate employees following our recent acquisitions.

"I accepted this challenge because I believed it would provide me with a broader perspective. I must say, I have found it."

As CHRO, Grazzi has endorsed our commitment to ED&I and is working to ensure that our workplace fosters a culture of belonging and respect for all employees.

Q: What are your primary strategic priorities, both in the short and long term?

A: MotorK, the leading SaaS scale-up in the automotive industry in Europe, is growing and restructuring, while consolidating its unique identity. Flexibility and ethical behaviours are both critical drivers in fostering an engaging environment for our employees and also addressing the complex challenges related to rapid growth. Thus, the focus during my first nine months at MotorK has been on process optimisation and management culture. Our short-term goals include ensuring the organisation has the right skills and optimising interactions between functions to enhance the efficiency and effectiveness of processes. Our long-term focus is on fostering a culture that encourages continuous growth and development within MotorK. The ultimate objective is to establish the most efficient and productive organisation to achieve our business goals and consolidate our Company's identity.

Q: What were the main initiatives implemented during the past year?

A: All of our initiatives relate in some way to our grading and performance management system. We worked on creating a transparent mapping of roles and responsibilities across teams to identify training and development needs at organisation level, while providing a valuable tool for individuals to see how their roles fit within the Company and to identify opportunities for progression.

This work has enhanced training and resources for middle managers, providing structured development pathways for themselves and their teams. The grading system also plays a significant role in promoting a meritocratic-based environment, encouraging diversity and inclusion and fostering our initiatives related to succession planning for managers. We are working to identify high-potential individuals within the company and determining a timeline for their development. This allows employees to identify and position themselves in the market and determine the market value of their role. Enhancing transparency and awareness promotes equity and consistency among roles and across different countries.

In 2023, we refined our performance reviews, which now include 360-degree structured evaluations from team members to managers as well as from peers.

We are implementing processes in talent acquisition to promote diversity and inclusion and we are pleased to see a diverse range of candidates. We frequently open positions in multiple countries to ensure we find the best candidate. We currently operate in eight countries and our colleagues span 30 nationalities, with potential for further expansion, given our rapidly evolving organisation.

Q: What outcomes did MotorK achieve?

A: As I mentioned, the progress made towards our new grading system is a fundamental accomplishment. I am pleased to announce that during the year we welcomed more than 100 new colleagues from diverse backgrounds. A contributor to our talent acquisition was our new Talent Hub, focused on internships and Tech LABS, focused on fostering an innovation-driven culture.

We have developed extensive training and HR resources for all the processes we are implementing, providing more than 1,400 hours of training in 2023 alone.

The ability to drive performance is not determined by genetics but can be taught, learned and developed with practice and the right tools. This year, we refined the training for managers and supervisors such that they can develop their teams and give feedback constructively.

Daria Grazzi
CHRO

ENGAGING WITH OUR SPARKERS

MotorK's culture of engagement is evident throughout the employee journey, from the interview and onboarding process to regular employee surveys and exit interviews.

We actively seek and respond to employee feedback to continually improve our processes and create a more fulfilling working environment.

Employee satisfaction score

3.7/5

BEFORE

After each stage of the application process, we contact candidates to gather their feedback and ensure a smooth experience. This feedback is invaluable in refining our hiring practices and improving the candidate journey.

Onboarding is a key touchpoint for employee engagement. We get to know the new SparKers better and know their opinion at the end of the process to identify areas for improvement and ensure a positive and productive transition into the company.

DURING

Employee surveys provide valuable insights into satisfaction and engagement. We carefully analyse feedback to identify trends and areas for improvement.

MotorK's most recent engagement survey achieved an 84% (89% in 2022) participation rate. The results showed an overall employee satisfaction score of 3.7/5 (2022: 3.8/5), indicating a positive and committed workforce.

Strengths identified included:

- **Employee engagement, 3.9/5:** Employees expressed high levels of satisfaction with the company's culture of collaboration and team spirit.
- **Teamwork, 3.9/5:** The survey highlighted the strong sense of camaraderie and support among colleagues.
- **Relationship with line manager, 4/5:** Employees reported positive relationships with their direct managers, who provided strong leadership and support.

The recognised areas for improvement included:

- **Internal communication, 3.5/5:** Employees expressed a desire for more timely and transparent communication from management.
- **Recognition and rewards, 3.5/5:** Employees felt that recognition and rewards for their contributions could be improved.
- **Development and promotion opportunities, 3.5/5:** Employees wanted more opportunities for professional development and career advancement.

Acting on insights from the survey, the Board and senior leadership team have incorporated key themes into the decision-making process for shaping initiatives and metrics for 2024.

AFTER

Exit interviews provide valuable insight into employees' experiences and reasons for leaving. We use this information to understand our departing employees' perspectives, address any underlying issues and make improvements to retain top talent.

Priorities

- MotorK is committed to addressing the areas identified for improvement and fostering an even more engaging and satisfying work environment.

TALENT ATTRACTION

"This initiative represents an additional step forward in our journey to establish MotorK as a technology leader, with R&D serving our mission to shape the future of mobility and the automotive retail of tomorrow."

Marco Marlia
Chief Executive Officer

The company is committed to attracting and developing talent that is not only qualified for the role but is also a good fit with the company's culture and values, for that SparKer to develop within the Company.

MotorK's approach to talent acquisition has been enriched by two new pillars this year: Talent Hub and Tech LABS. In September, we launched the Talent Hub, a six-month internship programme for students and recent graduates to experience valuable employment opportunities in a dynamic and innovative company, while injecting fresh ideas and skills into the organisation. Selected candidates were placed in various departments critical to MotorK's customer-centric vision, including engineering, sales, operations, corporate development and finance. Each intern was assigned a mentor to provide individual guidance. Interns are also actively involved in their respective teams, giving them first-hand exposure to MotorK's culture and values. MotorK's Talent Hub represents a significant advancement in our talent acquisition approach. The Company aspires to create a work environment where everyone feels respected, supported and empowered to make significant contributions to the Group's growth. The cyclical nature of the Talent Hub programme ensures continuous improvement, allowing MotorK to refine the selection and placement process to better meet the needs of the Company and the candidates.

Designed to become a cutting-edge technology research and development hub for the European automotive scene, MotorK's Tech LABS programme is leading the development of advanced technologies while cultivating top talent in the automotive industry. Launched in July, Tech LABS brings together MotorK's seasoned experts and a cohort of AI developers. Participants can learn about AI, machine learning, natural language processing and data science from industry leaders, enhancing their skills and enabling them to make a tangible impact in shaping the future of the automotive industry.

The Company's onboarding programme was previously conducted online, but it has recently been changed to in-person sessions. This shift was made to provide a more personal and immersive experience for new hires. New employees receive a welcome kit and then attend a series of sessions covering the Company's history and culture. Additionally, managers assign a buddy to each new hire, so they have someone to go to for guidance other than their manager.

Priorities

- Continue to foster a committed workplace aligned with the Company's values.
- Attract talents and provide them with a sounding board for their innovative ideas.

TRAINING AND DEVELOPMENT

We believe that continuous learning is crucial for success and are dedicated to equipping our employees with the resources they require to enhance their skill sets and progress in their careers. MotorK offers a comprehensive training programme, enhanced by our investment in the Udemy platform. We also provide financial support for employees seeking to improve their skills through external qualifications, contributing up to 50% or €1,000 per year per employee.

Our three-month management training programme helps to develop our next generation of leaders and managers by empowering them to think strategically, engage with their teams effectively and instil an inclusive, trusting and inspiring work environment. The training includes internal and external elements. The latter are designed to complement the internal training, which develops managerial skills for employees who have been promoted from within the company and who may not have received previous formal management training. Colleagues are also given the 'management toolkit', a guide to understanding the Company from a manager's perspective.

We encourage movement within the organisation and support colleagues looking to broaden their experience. We take a particularly proactive approach to this when integrating acquisitions, to ensure we retain and develop talent. During the year, 17 of our people were promoted internally or given the opportunity to be seconded to a different department (11 in 2022), in recognition of their achievements and supporting their professional development and career progression.

This year, a focus has been on developing and implementing a grading system designed to ensure fairness, transparency and consistency across all development paths. Started back in 2022 with the engineering team, the grading system now maps the majority of roles, the skills and knowledge required and the fair compensation for that role in the market and specific country. The system is based on clear and objective criteria that assess the value and complexity of different roles, ensuring fair compensation for employees' skills, experience and contributions. Additionally, it identifies critical roles that are essential to the Company's success. These roles receive extra training and development support to retain the best talent.

We are also creating a transparent career path framework that complements the grading system. This framework will provide employees with clear and concise information about the steps they need to take to advance their careers. Employees will be able to see which skills and experiences they need to develop to move from one grading level to another. This will help them take ownership of their career development and make informed decisions about their professional growth.

This mapping also allows the Company to adjust salaries based on the specific salary range for the same job description across different areas of the same country and different countries, considering differences in the cost of living to promote equity and fairness.

Our SparKers participated in our six-monthly performance evaluations, 360-degree assessments including reviews of operational excellence, corporate citizenship and problem-solving skills. The survey includes peer, manager and team members' evaluations and the results contribute to the calculation of the short-term incentive programme, together with Company results.

We have also implemented a calibration exercise for our performance evaluation process, as part of which a multi-departmental team reviews those who have exceeded and those who have not met expectations to ensure consistency and fairness in how they are assessed.

Priorities

- Finalise the competency matrix.
- Deliver a professional training programme to mid-level colleagues.

Internal moves

17

2022: 11
without acquisitions

Training hours

1,494

2022: 900

"The ability to drive performance is not determined by genetics but can be taught, learned and developed with practice and the right tools."

Daria Grazzi
CHRO

EVENTS

"The first edition of our Hackathon reflects MotorK's constant focus on the future and is a demonstration of how the Company can count on a cohesive group of professionals ready to get involved and build together the best solutions that will then be implemented for our customers."

Marco Marlia
CEO

EVENTS

In July, we launched the first edition of AI Hackathon, a two-day event that saw over 50 professionals compete to develop cutting-edge solutions based on AI to optimise the automotive retail customer journey. In addition to stimulating creativity and accelerating innovation, the hackathon was an important opportunity for the Company's tech teams from all over Europe to collaborate. Participants had the opportunity to network, exchange ideas and acquire new skills by working together in a context outside of the typical working environment.

Our sales kickoff, held in January in Milan, brought together our sales team from across Europe. We reviewed our end-of-year results, discussed trends and developed a strategy. We also shared the latest product features and priorities for the R&D department. The event was a valuable opportunity for the whole team to come together and prepare for the year ahead.

HEALTH, SAFETY AND WELLBEING

We take the health, safety and wellbeing of colleagues extremely seriously. During the reporting period we formalised our approach to hybrid working by consulting with each colleague to formulate individual agreements and defined core working hours to equilibrate flexibility and work-life balance with the needs of the business. We believe there is a role for physical offices to facilitate the development and exchange of creative ideas, as well as for training, development and social interaction.

Priorities

- Create a welfare platform.

EQUITY, DIVERSITY AND INCLUSION

We are committed to promoting a dynamic and inclusive culture and welcome a range of viewpoints and individuals from diverse backgrounds and levels of experience.

We take pride in the fact that our colleagues represent 31 nationalities. English is our primary working language and we offer English lessons led by three teachers, some of these taking place during working hours to maximise inclusion.

Our grading system (mentioned earlier) plays an important role in how we attract and retain talent, providing transparency on roles and career progression based on merit and we advertise roles internationally to find the best talent.

To promote ED&I, we also strive to integrate expertise in this area within our recruitment team. Our aim is to ensure that the entire recruitment process is accessible to individuals with varying abilities and impairments.

Women make up 35% of our total workforce and we are actively working towards achieving a one-third female presence on the Board of Directors. This aligns with our commitment to creating a more inclusive and diverse leadership team.

Priorities

- Continue work to enhance diversity in senior roles and throughout MotorK.
- Develop partnerships with schools and networks of candidates.

Nationalities

31

2022: 28

Gender balance

- Male (65%)
- Female (35%)
- Non-binary/non-disclosed (0%)

"We are guided by integrity and fairness. We are stronger because of our differences, making us a better company."

"Our commitment to shaping the future of mobility goes beyond our business goals. We aim to empower women and the wider community to participate in this revolution."

AUTOMOTIVE RETAIL COMMUNITY

EMPOWERING WOMEN IN THE AUTOMOTIVE INDUSTRY: OUR CERTIFICATIONS

MotorK has created digital training programmes tailored to various roles within dealerships and OEMs. The comprehensive catalogue of courses, available in a hybrid format through a Learning Management System, provides continuously updated training to enhance the performance of professionals in marketing, lead generation and management, CRM, customer care, sales, rental and after-sales activities.

MotorK's training programme offers women the chance to explore digital sector positions, from Business Development Centre (BDC) roles to digital manager roles, promoting entry and advancement in an industry typically dominated by men. 40% of the candidates who have successfully completed the Automotive Digital Manager certification are women. The topics covered in this programme begin with redefining the dealership ecosystem and understanding the need for mobility, as well as the new behaviours of automotive customers. The programme then delves into customer journey-related themes, such as digital marketing, SEO, CRM strategies, web analytics, local marketing, social media and multimedia communication.

During the year, 72% of the candidates for our BDC manager certifications were female. This training enables participants to develop skills in planning, implementing, measuring and controlling the lead management process. This ensures continuity of the customer relationship over time and provides a significant competitive advantage to a dealership. MotorK's initiatives emphasise its presence in the industry as a catalyst for digital culture and gender equality.

THE DIGITAL EVENT WHERE MOBILITY MEETS: AUTOMOTIVE I/O

Our motto is that what seems futuristic today will be a tool or application available to everyone in a few months' time. We are particularly proud of the success of 'Automotive I/O: Bridging Minds', a virtual meeting place we organised to discuss the new frontiers of online mobility distribution with OEMs and dealers, which attracted more than 5,000 attendees and over 180 speakers. Smart mobility, the agency model, digital distribution channels, new players, customer journey, artificial intelligence and electrification were just some of the many topics discussed. The launch of this first edition of Europe's largest virtual event dedicated to tech innovation, in automotive (and more), underlines our key role in shaping the automotive retail industry.

PLANET

AS A SAAS COMPANY, WE ACKNOWLEDGE THAT OUR GREENHOUSE GAS EMISSIONS (GHG) EMISSIONS RELATE PRINCIPALLY TO BUSINESS TRAVEL AND OFFICE ENERGY.

We reaffirmed our commitment to addressing our most material impacts, updating our car and business travel policy as well as implementing employees' recommendations on waste management.

CAR POLICY

Our updated company car policy promotes the use of fuel-efficient and electric vehicles within our fleet. By adopting strict emission standards and encouraging employees to choose eco-friendly commuting options, we not only contribute to mitigating climate change but also foster a culture of responsibility among our workforce. Additionally, our car policy ensures that our vehicles are equipped with the latest safety features, thus safeguarding both our employees and the communities in which we operate.

TRAVEL POLICY

When business travel is necessary, we encourage colleagues to use public transport whenever possible.

MotorK's updated travel and expense policy aims to reduce the Company's environmental impact by promoting sustainable travel practices. The policy encourages employees to book travel in advance to take advantage of more efficient flight schedules and discourages last-minute changes that can lead to increased emissions. The policy also encourages employees to choose eco-friendly hotels or those located within walking or cycling distance from meetings.

The policy specifies that car rental is allowed when no other public transportation is available or when this is significantly more expensive.

The formalisation of our hybrid working arrangements has reduced employee commutes and the associated emissions. Although we prioritise virtual meetings over in-person gatherings for internal meetings, we recognise the value of face-to-face interactions, so strive to find a balance.

RENEWABLE ENERGY

Some of our offices already utilise 100% renewable energy. Additionally, we use energy-efficient LED lighting to further reduce our consumption. Regarding electronic waste, we donate usable items and recycle or dispose of others in compliance with the Waste Electrical and Electronic Equipment Directive.

Priorities

- Continue work to move to 100% renewable energy throughout all sites.
- Investigate suitable carbon offset initiatives.

GOVERNANCE

WE BELIEVE STRONG GOVERNANCE IS CORE TO MAKING PROGRESS ACROSS ALL AREAS OF OUR SUSTAINABILITY FRAMEWORK.

We recognise that, as we grow, we have a responsibility to be more transparent about our impact on society to ensure we are balancing the needs of our different stakeholders.

OUR STRUCTURE

Board of Directors

The Board of Directors has a crucial role in establishing MotorK's ESG strategy. It is responsible for setting clear ESG goals, aligning them with the Company's overall business objectives and ensuring that ESG considerations are integrated into all strategic decision-making processes. The Board is also the ultimate overseer of ESG performance, monitoring the Company's progress against its ESG targets and holding management accountable for its ESG commitments.

CEO/Executive Leadership

The CEO and other members of the executive leadership team, including the CHRO and the Chief Financial Officer (CFO), are responsible for implementing ESG initiatives throughout the organisation. They set the tone at the top, demonstrating a strong commitment to ESG principles and fostering a culture of ESG awareness among employees.

Investor relations

As ESG considerations become more important to investors, MotorK's investor relations team is committed to communicating the Company's ESG strategy, performance and achievements to investors, promoting transparency and trust.

Human resources

The HR department plays a vital role in managing the social aspects of ESG, ensuring that MotorK is committed to diversity and inclusion, employee wellbeing and talent development.

Risk Management and Compliance

The Risk Management and Compliance Team within the Finance Department plays a crucial role in managing ESG risks and ensuring compliance with ESG regulations.

INFORMATION AND CYBERSECURITY

In 2023, we started implementing the ISO/IEC 27001:2022 standard to enhance information security and expect to complete the integration in early 2024. ISO 27001 is an international standard that outlines requirements for establishing, implementing, maintaining and continually improving an Information Security Management System (ISMS). This systematic approach allows MotorK to identify, assess and mitigate information security risks effectively, ensuring robust protection of sensitive data and uninterrupted operational continuity.

The process involved several phases, starting with defining the boundaries of the ISMS and conducting risk analysis. MotorK mapped its processes meticulously, identified critical areas and assessed potential impacts of information security threats. Subsequently, the entire organisation collaborated to implement appropriate security measures to ensure compliance and security awareness. The implementation of ISO 27001 has substantial benefits for MotorK's investors and stakeholders. This certification ensures strengthened information security, safeguarding the wide array of data managed by the Company, from sensitive customer details to strategic business information. Compliance with this international standard solidifies MotorK's reputation as a reliable and responsible partner, assuring investors that the Company adopts industry best practices in information security.

In addition to enhancing data security, implementing ISO 27001 has significantly improved MotorK's operational efficiency. Proactively identifying and managing risks has enabled the Company to anticipate potential threats and implement preventive measures, reducing the risk of unwanted disruptions. This directly impacts operational continuity, enhancing the Company's resilience in the face of increasingly sophisticated and evolving threat scenarios.

The escalating risk of cybercrime is a significant concern. According to the World Economic Forum, cybercrime is now the third-largest economy globally, costing $8 trillion in 2023 alone. This trend highlights the need to prioritise cybersecurity, especially for digital companies and organisations involved in online transactions. According to a 2023 report by Verizon, 74% of all cyberbreaches result from human error. The main avenues of attack include stolen credentials, phishing and exploiting vulnerabilities. Therefore, it is essential to upgrade security protocols to safeguard customer data. While enhancing security at the infrastructure level is crucial, it is equally important to cultivate awareness and foster responsible behaviour across the organisation. As a committed player in the European automotive retail tech sector, MotorK provides reliable tools to protect customer information and recently introduced two-factor authentication in our core solutions to help protect customer data from cyberattacks and breaches. By acknowledging and mitigating risks through straightforward measures, dealerships and car manufacturers can significantly improve their operations and enhance customer service levels. We work alongside our customers to help them choose the best solutions to protect their confidential data.

> "The stakes have been raised in terms of avoiding IT-related business disruptions, financial losses and reputational damage caused by inadequate data security practices. As a leader in the automotive retail technology scene in EMEA, we want to continue to offer the highest standards, not only in terms of technical performance but also in data integrity and security to protect our customers and end consumers."

Marco Marlia
CEO

STAKEHOLDER ENGAGEMENT AND S172 STATEMENT

The Board is mindful of its responsibilities to all stakeholders when considering the likely consequences of the implementation of its business strategy and long-term decisions. When taking decisions of strategic importance, the Board endeavours to balance the interests of all its stakeholders in a way that is compatible with the Group's long-term growth. The Board considers its key stakeholders to be its employees, customers, suppliers and investors, given that these groups interact significantly with the business model and are impacted most in the course of business operations. It is through regular engagement with these stakeholders that the Board is able to understand the issues that are most important to each group and make informed judgements when implementing the Group's strategy and long-term decision making.

Throughout the course of the year, the Board has acted in the way it considered, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole. This section comprises our Section 172 statement, setting out how the Board has, in performing its duty over the course of the year, had regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006, which are as follows:

a) the likely consequence of any decision in the long-term;
b) the interests of the Company's employees;
c) the need to foster the Company's business relationship with suppliers, customers and others;
d) the impact of the Company's operations on the community and the environment;
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly as between members of the Company.

HOW THE GROUP ENGAGES WITH ITS KEY STAKEHOLDERS

Stakeholders	Why it is important to engage	Areas of impact addressed	Actions taken by management and/or the Directors in FY2023
Employees	■ Our services are delivered almost entirely by our internal workforce, with limited outsourcing. ■ Employees represent our biggest asset and their associated costs have the greatest impact on our profit and loss statement compared to other factors. ■ We have a legal and ethical responsibility for their wellbeing.	■ Training and development. ■ Wellbeing. ■ Internal communication and participation. ■ Group culture and engagement.	■ Regular employee satisfaction surveys. ■ Regular townhalls open to all employees. ■ Access to training both for personal development and work-related topics. ■ Share options plan extended to all employees. ■ Comprehensive objectives and key results system put in place to align Company and personal goals. ■ Senior Executive Managers 'on tour' in all MotorK's offices in order to promote the Company's culture. ■ Launch of the first edition of AI Hackathon, a two-day event aimed at stimulating creativity and accelerating innovation in the Company's tech teams from all over Europe. ■ Launch of the MotorK Tech LABS, a programme entirely dedicated to the development of solutions based on the use of artificial intelligence to serve Company's customers.
Customers and suppliers	■ Their performance directly impacts our financial, operational and responsible performance. ■ We are commercially responsible to customers and suppliers.	■ Customer satisfaction. ■ Support to customers with temporary difficulties. ■ Innovative strategic partnerships. ■ Careful selection of trustworthy suppliers.	■ Active participation in the main automotive industry events to make aware our customers and our suppliers on the technological changes affecting the market in the next years and how they need to be prepared for future challenges. ■ During 2023, hosting of a new annual event called Automotive I/O, nurturing our thought leadership in the industry to keep informed our customers on the technological progress of the market where they operate.

Investors	■ Our strategic and operational decision making is influenced by our investors' views.
	■ We are dependent on access to funding.
	■ We are accountable to our shareholders.
		■ Updates with potential investors.
		■ Communication with investors.
			■ Maintenance and development of the investors' section on our website.
			■ Analyst coverage.
			■ Met with several potential investors, both one-to-one and in group meetings.
			■ Quarterly KPIs (Key Performance Indicators) communication to ensure full visibility of Group performance.
			■ Buy-back programme in place during the first months of FY2023 aiming at sustaining our share long-term incentive plan and having the effect to sustain the share price and the value of the investments of our shareholders including the employees;
			  ■ shares issuance related to the exercise of stock-option assigned to the employees;
			  ■ shares issuance related to the reserved capital increase of €3 million with Lucerne Capital Management ("Lucerne");
			  ■ Management to further bolster the Group's external growth strategy;
			  ■ share issuance related to the earn-out assigned to the former shareholders of Dapda and Dapda Media.

Regarding how the Group engages with local communities and environment, please make reference to the disclosure reported in the ESG section on pages 31–32.

KEY DECISIONS TAKEN IN THE YEAR AND IMPACT TO THE RELEVANT STAKEHOLDERS

The list of the main resolutions made by the Board of Directors of the Company are listed in the paragraph 'Meetings of the Board of Directors' in the Non-Executive Directors' Report. Key decisions and relevant impact to the relevant stakeholders are reported below:

- Approval of Company's results of 2022 and H1 2023 statements ensure awareness and transparency of the Company information for key stakeholders with the effect of enhancing relationship, trust and comply with relevant regulations and regulators requests.
- Approval of the acquisition of the Italian company named GestionaleAuto.com S.r.l. with the scope to deliver value for the shareholders and for the employees of the Group and to better serve our customers consistently with our growth strategy.
- Approval of the Reserved Capital Increase of €3 million executed by Lucerne Capital Management ("Lucerne"), an existing shareholder of the Company to ensure fresh liquidity to boost the growth that creates value for the stakeholders.
- Approval of a financing agreement with Atempo Growth (acting through the Luxembourg-law vehicle A 01 Securitisation S.à.r.l.), pursuant to which a financing for an aggregate amount equal to €5 million has been granted to the Company to provide value for the investors and boost the growth.
- Keep continuing the buy-back programme for the first months of the year aimed at sustaining our share long-term incentive plan and having the effect to sustain the share price and the value of the investments of our shareholders, including the employees.
- Granting of new options to the employees in the context of the long-term share incentive plan in line with the Remuneration Policy, with the main goal of aligning the workforce towards long-term value creation objectives of the Group.

FINANCIAL AND OPERATING REVIEW

"The Group's continued growth was complemented by a focus on operational excellence and preparing the Company to benefit from full operating leverage going forward."

GROUP PERFORMANCE OVERVIEW

MotorK Group ended 31 December 2023 on a robust note, confirming the excellent track record of growth of the previous years. Revenue increased by 11% to €42.9 million compared with €38.5 million in FY2022. The performance was led principally by the growth of SaaS platform revenue, which increased by 15% compared with FY2022.

During the year, we also remained true to the other pillar of our strategy, investment in innovation, with total R&D expensed reaching 34% of our total revenue in line with FY2022. In terms of profitability, Adjusted EBITDA closed negative at €1.4 million having done substantial investments in people and infrastructure. The Group is now well-positioned to benefit from full operating leverage in FY2024.

In order to fund our growing business and the required investments, the liquidity at year end has been topped up with a reserved capital increase of €12.3 million announced on 5 February 2024 and with a new €5 million loan tranche from Atempo Growth, building on the initial €5 million loan facility agreement secured in October FY2023. Such €17.3 million of new acquired liquidity provides operational flexibility, smoothing the path to profitability forecasted for FY2024.

Further details of Group performance are provided in the paragraphs on the next page.

Revenue
€42.9m
2022: €38.5m

Revenue growth
11%
2022: 40%

Adjusted EBITDA
-€1.4m
2022: €0.2m

RESULTS FOR THE YEAR

€'000	2023	2022
Revenues	**42,940**	**38,547**
Cost for customers' media services	(7,515)	(7,028)
Personnel costs	(30,659)	(25,916)
R&D capitalisation	9,342	8,707
Other costs	(15,547)	(14,076)
Adjusted EBITDA	**(1,439)**	**234**
Exceptional costs	(3,140)	(3,545)
Stock option plan cost	(1,202)	(1,543)
EBITDA	**(5,781)**	**(4,854)**
Depreciation and amortisation	(8,741)	(8,013)
EBIT	**(14,522)**	**(12,867)**
Finance costs (net of finance income)	(1,040)	(1,004)
Loss before tax	**(15,562)**	**(13,871)**
Corporate income tax	2,315	(140)
Loss – continued operations	**(13,247)**	**(14,011)**
Profit – discontinued operations	**–**	**6,734**
Loss for the period	**(13,247)**	**(7,277)**

REVENUE

The 2023 Group revenue amounted to €42.9 million compared with €38.5 million in FY2022, an increase of 11% year-on-year.

Revenue by product and service line

€'000	2023	2022	Year-on-year change
SaaS platform revenue	32,493	28,158	15%
Digital marketing revenue	7,547	7,210	5%
Other revenue	2,900	3,179	(9%)
Total	**42,940**	**38,547**	**11%**

The increase compared with the previous period was led by the performance of SaaS platform revenue amounting to €32.5 million, an increase of 15% compared with the previous period.

As a result of the SaaS platform performance, recurring revenue reached 75% of total revenue (with an increase of 5 p.p. compared to the previous period). Management believes this is an important indicator of the resilience of our growth.

€'000	2023	2022	Year-on-year change
Recurring revenue[1]	32,350	27,084	19%
Contract start-up revenue	143	1,074	(87%)
SaaS platform revenue[2]	**32,493**	**28,158**	**15%**
SaaS Recurring revenue as % of total revenue	**75%**	**70%**	**5%**
SaaS platform revenue as % of total revenue	**76%**	**73%**	**3%**

1 It includes revenue from SaaS platform contracts split into two different performance obligations as provided by IFRS 15: revenue related to the delivery of the access to the platform recognised point in time and revenue related to post-contract support activities recognised over the time.
2 It includes revenue from SaaS platform. Please refer to the Note 5 page 107 for the revenue recognition criteria applied. Due to the revenue recognition policy applied, revenues are different from Annual recurring revenues (ARR), considered a Group APM. Details of how ARR is calculated is provided at page 152 of this Annual Report.

The Italian legal entities has recorded 63% of Group revenues in FY2023 (67% of Group revenues in FY2022). The proportion of revenues from Italy reduced by five p.p. compared with the previous year, due to growth of the other markets driven by the acquisitions done.

€'000	2023	% on total	2022	% on total	Year-on-year change
Italy	27,188	63%	26,014	67%	5%
Spain	4,313	10%	4,428	12%	(3%)
France	5,859	14%	5,267	14%	11%
Germany	3,078	7%	1,282	3%	140%
Benelux	2,502	6%	1,556	4%	61%
Total	**42,940**	**100%**	**38,547**	**100%**	**11%**

Opex

Costs, net of development costs capitalised, amounted to €44.4 million in 2023, an increase of 16% compared with the previous period and in line with the accelerated growth strategy pursued by the Group. The increase compared with FY2022 is due mainly to the increase of personnel costs and other operating costs.

The increase of personnel costs to €30.7 million from €25.9 million in FY2022 is function of the run-rate of personnel costs impact on Q4 2022, whose costs is entirely book in the profit and loss of the Group for FY2023 and the increase of bonus accrued compared to the previous year for roughly €1 million.

€'000	2023	2022
Salaries and other personnel costs	23,554	19,973
Social security costs	7,105	5,943
Total personnel costs*	**30,659**	**25,916**

* The difference between the caption "Total personnel costs" and the caption "Personnel costs" presented in the Consolidated Statement of Profit and Loss and Other Comprehensive Income at page 93 amounts to €3.5 million (€3.9 million in FY2022) and it is related to severance indemnity for €0.3 million (€0.5 million in FY2022), earn-out payments costs for €2 million (€1.9 million in FY2022) and stock option plan cost for €1.2 million (€1.5 million in FY2022) classified as exceptional costs in the table "Results for the year" at page 38. For further details, please refer to Note 10 page 114.

The increase in other operating costs to €15.5 million in FY2023 (compared with €14.1 million in FY2022) is mainly related to change of the consolidation area of the Group compared to the previous period (FusionIT NV and ICO International Gmbh fully consolidated in the profit and loss of FY2023 and GestionaleAuto.com S.r.l. consolidated from June 2023).

R&D investments represent a significant item for the Group amounting to €14.5 million in FY2023 compared with €14.3 million in FY2022.

€'000	2023	2022	Year-on-year change
Total R&D expenses	14,513	14,293	2%
– of which capitalised	9,342	8,707	7%
– of which expensed in the income statement	5,171	5,586	(7%)
Total R&D expenses as a percentage of Group total revenue	**34%**	**37%**	**(3%)**

Adjusted EBITDA

Adjusted EBITDA for the year was negative for €1.4 million compared with positive €0.2 million in the previous period. The slight deterioration in reported profitability is essentially a function of the run-rate impact of the growth-oriented investments implemented throughout FY2022, together with necessary additional costs to activate future synergies, especially within the recently acquired companies. Adjusted EBITDA is a non-IFRS financial measure used by management to monitor the operating profit of the Group and is calculated as EBITDA net of exceptional costs and stock option expenses, which are not strictly inherent to the underlying business performance. Exceptional costs amounting to €3.1 million (compared with €3.5 million in FY2022) include exceptional costs incurred for M&A and exceptional projects completed during the year of €0.8 million (€1.1 million during FY2022), severance payment indemnities and related costs for employees who left the Group and have not been replaced of €0.3 million (€0.5 million during the FY2022), and €2 million (€1.9 million in FY2022) for contingent considerations related to the acquisitions made during 2021 and 2022 that are automatically forfeited if key employees terminate and are considered under IFRS 3 as remuneration for post-combination services and consequently recorded in the profit and loss of the Group.

Stock option plan costs amounted to €1.2 million (€1.5 million in FY2022). Full reconciliation of the calculation of Adjusted EBITDA with the Consolidated Statement of Profit and Loss and Other Comprehensive Income is provided on page 154 of this Annual Report. Please refer to the paragraph 'Critical accounting estimates and judgements' on 108–109 of this Annual Report for the explanation of the criteria used to identify such items as exceptional/non-recurring costs.

Net finance costs

Finance costs net of finance income for the period were €1 million (€1 million in FY2022) and include mainly the interests paid during the year.

Taxation

Corporate income tax was a positive figure of €2.3 million (a negative €0.1 million in FY2022) and includes mainly the tax provision of €0.5 million in France, Germany and Spain offset by a €0.5 million R&D grant obtained in Italy in 2023, and the partial release of the provision accrued in FY2021 and FY2022 for income tax in Israel for €2 million and the effect of deferred income taxes for €0.2 million. Deferred tax assets on tax losses to carry forward for an amount of roughly €13.5 million have been cumulated as at 31 December 2023 and they have not been recognised due to the uncertainty in the timing in which such loss will be utilised.

Loss for the year

Loss for the year was €13.2 million compared with a loss of €7.3 million for the previous period. The increase compared to the previous period is mainly related to the positive effect of the profit from discontinued operations recorded in FY2022.

GROUP CAPITAL STRUCTURE AND FINANCIAL POSITION

€'000	2023	2022
Tangible assets	4,557	5,000
Intangible assets	46,477	36,757
Investments in associated companies	3,538	3,538
Fixed assets	**54,572**	**45,295**
Contract assets	**24,848**	**20,734**
Net working capital	**(2,248)**	**(2,805)**
Deferred tax liabilities	**(1,791)**	**(1,471)**
Employees' benefit liabilities	**(2,309)**	**(1,895)**
Provisions*	**(177)**	**(295)**
Total invested capital	**72,895**	**59,563**
Cash and cash equivalents	3,509	19,223
Financial assets	234	194
Financial liabilities*	(25,009)	(17,174)
Net (borrowing)/cash position*	**(21,266)**	**2,243**
Net equity	**51,629**	**61,806**

Fixed assets

Fixed assets were €54.6 million as at 31 December 2023, compared with €45.3 million as at 31 December 2022. The increase of intangible assets amounting to €9.7 million was related mainly to goodwill and other intangible assets arising from the allocation of the consideration for the acquisition of GestionaleAuto.com for €7.7 million, the increase of €2.9 million of development costs capitalised net of depreciation and the decrease related to deprecation of other intangible assets for €0.7 million.

Contract assets

Contract assets were €24.8 million as at 31 December 2023, compared with €20.7 million as at 31 December 2022. Contract assets represent the right to bill (net of invoices already issued) related to the SaaS platform multi-year contracts, whose revenues have been already recognised at a point in time upon the delivery of access to the platform, according to IFRS 15. The increase compared with the previous period is related to the increase of SaaS platform revenues as reported above.

Net (borrowing)/cash position

Net borrowing position was €21.3 million as at 31 December 2023 compared with a net cash position of €2.2 million as at 31 December 2022. Cash and cash equivalents amounted to €3.5 million compared with €19.2 million as of 31 December 2022. Changes compared with the previous years are explained below in the Group cash movements for the year table. Financial liabilities amounted to €25 million compared with €17.2 million as of 31 December 2022. The increase is mainly due to the new financial loan of €4.6 million (net of costs incurred for the transaction) entered into 2023, the deferred consideration related to the acquisition of GestionaleAuto.com S.r.l. for €3.2 million to be paid by June 2024 and the net increase of the contingent consideration for €0.3 million offsetted by changes in lease liabilities related to IFRS 16 for an amount of €0.2 million.

Net equity

Net equity was €51.6 million as at 31 December 2023, compared with €61.8 million of the previous period. Change compared with the previous year is mainly due to the net result of the year.

*Restated. Please refer to page 106 for further details.

GROUP CASH MOVEMENTS FOR THE YEAR

€'000	2023	2022
Cash and cash equivalents at the beginning of the period	**19,223**	**43,257**
Adjusted EBITDA from continuing operations	(1,439)	234
Decrease in working capital	1,077	618
Increase in contract assets	(4,114)	(7,154)
Operating free cash flow*	**(4,476)**	**(6,302)**
Taxes paid	(712)	(150)
Cash flow from investing activities – tangible assets	(92)	(315)
Cash flow from investing activities – R&D	(9,358)	(8,760)
Free cash flow*	**(14,638)**	**(15,527)**
Exceptional items	(1,127)	(1,773)
Free cash flow from discontinued operations	–	3,051
Cash flow from investing activities – M&A	(3,881)	(8,467)
Cash flow from financing activities	3,013	(647)
Cash flow from equity movements	847	(694)
Others	72	23
Net (decrease) in cash and cash equivalents	**(15,714)**	**(24,034)**
Cash and equivalents at the end of the period	**3,509**	**19,223**

* This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Reconciliation with the accounts is provided on page 153 of this Annual Report.

Operating free cash flow

Operating free cash flow was negative €4.5 million in FY2023, compared with a negative €6.3 million in FY2022. The negative operating free cash flow is the results of Adjusted EBITDA negative for €1.4 million and the increase of contract assets, which drew cash for €4.1 million during FY2023.

Free cash flow

Free cash flow was negative €14.6 million in FY2023, compared with negative €15.5 million in FY2022. Cash burn was materially in line with the previous period.

Cash flow from investing activities – M&A

Cash flow from investing activities amounted to negative €3.9 million and includes the consideration paid for the acquisition of GestionaleAuto.com S.r.l. for €3.1 million net of cash acquired and the earn-out paid during the year related to the previous acquisitions for €0.8 million.

Cash flow from financing activities and equity movements

The cash flow from financing activities is positive for €3 million and is mainly related to fresh liquidity obtain during the year for €4.6 million (net of costs incurred) of financial loan entered into with Atempo Growth net of interest paid and lease repayment for €1.6 million.

Cash flow from equity movements is positive for €0.8 million due to the capital increase of €3 million subscribed in June 2023 by Lucerne, for €0.1 million related to the payment of the strike price of the stock option exercised by the employees during the year net of buy-back programme put in place by the Group during the first month of FY2023 for €2.3 million.

DIVIDEND

MotorK Group management intends to retain any future distributable profits to expand the growth and development of the business and, therefore, does not anticipate paying dividends to its shareholders in the foreseeable future.

EVENTS AFFECTING THE COMPANY (AND ITS SUBSIDIARIES) WHICH HAVE OCCURRED SINCE THE END OF THE FINANCIAL YEAR

On 5 February 2024, the Group successfully executed a reserved capital increase of €12.3 million. The participants in this strategic round included 83North, Lucerne, PROCAR Automobile, and Anfield Ltd. Such reserve resulted in the issue of 4,088,388 new ordinary shares. In addition, these newly issued shares will be subject to a 6-month lock-up period, underlining the investors' long-term vision and dedication to the Group's success.

On 4 March 2024 the above mentioned capital injection has been strengthened with a top up of €5 million loan tranche from Atempo Growth, building on the initial €5 million loan facility agreement secured in October FY2023.

As such the combined €17.3 million of new acquired liquidity provides operational flexibility, smoothing the path to profitability forecasted for FY2024.

This strategic step underscores the collective confidence of both existing and new investors in MotorK's potential, solidifying their collaborative commitment to the Group's sustained growth and ongoing success. Following the negative Adjusted EBITDA reported for the year ended as at 31 December 2023 and, in the context of the €5 million top up obtained from Atempo Growth, MotorK has obtained from Illimity Banks the waiver of testing the financial covenants in place as at 31 December 2023. The first testing date will be then 31 December 2024.

On 8 January 2024 the shelf company DriveK Italia S.r.l, created as a potential vehicle for the selling of the business DriveK and then not used due to the different structuring followed in the operation has winded up. The value of the assets of such company amount to roughly €3 thousand and therefore the wind-up has not affected the assets of the consolidated financial statements as at 31 December 2023.

OUTLOOK

MotorK Group commences FY2024 with sustained growth momentum, projecting CARR to reach €50 million. The guidance is supported by substantial visibility, including a strong commercial pipeline totalling €14.6 million, segmented into €8.2 million in Retail and €6.4 million in Enterprise. These opportunities highlight significant growth potential across all business segments, backed by a historical win/loss ratio of approximately 45%.

In parallel, with the CARR target, MotorK anticipates achieving Cash EBITDA positivity on a full-year basis. This milestone is a testament to the strategic approach, leveraging full operating potential without the need for major investments to sustain scalable growth. The completion of the integration of M&A companies will further contribute to synergies, fortifying MotorK's position for a year of substantial anticipated advancement in both growth and profitability.

From a geopolitical perspective, the conflicts in Ukraine, Israel and the recent escalation in the Red Sea related to the Houthi movements appears still far from solutions. Even though the Group does not operate directly in such geographical area, the persistence of such conflict may cause long-term issues in terms of supply-chain constraints for the economy in general with possible impact on MotorK customers. It is worth mentioning that MotorK Israel Ltd is a service company for the benefit of the Group, hiring some executives who are providing their services without significant issues and it is not operating commercially. The Group will keep monitoring the impact of the current political environment on its customers, its business and the industry as a whole and provide updates as necessary.

FINANCIAL AND NON-FINANCIAL KPIS

We monitor the key financial and non financial performance of the Group against a number of different benchmarks and these are set in agreement with the Board.

	Reasons for choice	How we calculate	Outlook
Committed annual recurring revenues (CARR)[1] **€38.6m** vs €29.8m last year	ARR is the main indicator for SaaS businesses like ours as it shows our ability to attract and retain customers, generating recurring revenues. CARR includes ARR together with additional signed and committed contracts yet to be delivered and billed.	This represents the yearly subscription contract value of the Group's customer base at the end of the reporting period (ARR) adding the annual recurring revenues that will be generated by additional contracts already signed and committed yet to be delivered and billed.	The Group expects CARR for FY2024 to be €50 million.
Revenue growth **11%** vs 40% last year	Our strategy is centred on delivering significant top-line growth in the next few years. Hence, this is a fundamental KPI to track our strategic performance.	Calculated as increase in revenue percentage year-on-year.	The Group expects revenue to increase in FY2024 in order to meet the target of CARR mentioned above.
SaaS recurring revenue as % of total revenue **75%** vs 70% last year	This measures the ability of the Group to focus on the recurring component of Group revenue that is the most scalable and value-adding.	Calculated as recurring SaaS revenues as a percentage total Group revenue. Recurring revenue includes revenues from SaaS contracts (including both revenue from the delivery of the access to the platform and revenue related to post-contract support activities).	Target of 75% of FY2023 has been reached by the Group. Further growth is expected in 2024 to meet the target of CARR mentioned above.
Cash EBITDA[2] **-€14.9m** vs -€15.6 m last year	This is a consistent measure of trading performance, aligned with the interests of our shareholders and a good proxy of cash generated during the year.	Calculated as Adjusted EBITDA less Change in Contract Assets and R&D capitalisation.	Cash EBITDA positivity on a full-year basis.
Adjusted EBITDA[3] **-€1.4m** vs €0.2m last year	This is a consistent measure of trading performance, aligned with the interests of our shareholders. Adjustments are related to expenses that are not strictly inherent to the underlying business performance.	Calculated as operating profit before interests, taxes, amortisation and depreciation net of exceptional costs. Disclosure of the calculation is provided in Note 7 of the Notes Forming Part of the Consolidated Financial Statements on pages 108–109 of this Annual Report.	The Group targets for FY2024 a Cash EBITDA positivity on a full-year basis. Cash EBITDA is calculated as adjusted EBITDA less change of contract assets and R&D capitalisation.
Adjusted EBITDA margin **-€3.4%** vs 1% last year	This is a consistent measure of performance needed to ensure costs of the Group are in line with the level of business being generated.	Calculated as Adjusted EBITDA as a percentage of total Group revenue.	The Group expects EBITDA margin to increase in FY2024 in order to meet the target of CARR and Cash EBITDA mentioned above.
Number of employees as at the end of the reporting period (non financial KPI) **449** vs 453 last year (as at the end of the reporting period)	This is a indicator helpful to measure the growth of the Group.	Number of employees at the end of the year.	The Group expects to have an adequate numbers of employees to ensure our growth targets reported above.

Data shown are related to FY2023 (compared with the previous year period where needed).

1 This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Reconciliation with the accounts is provided on page 152 of this Annual Report.

2 This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Reconciliation with the accounts is provided on page 155 of this Annual Report.

3 This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Reconciliation with the accounts is provided on page 154 of this Annual Report.

PRINCIPAL RISKS AND UNCERTAINTIES

Our risk governance model is based on three different levels: the Board of Directors, the Audit Committee and the Senior Executive Management.

RISK MANAGEMENT AND INTERNAL CONTROL

In order to pursue our growth strategy, we recognise the importance of balancing entrepreneurial spirit and a conscious approach to risk-taking. As a listed company, we are working to improve our risk awareness and to emphasise the importance of risk management and internal controls. We strongly believe that controlled risks will result in long-term value for our stakeholders. We continuously assess the likelihood of risks materialising, their magnitude and how the individual risks change.

The preparation of financial statements in compliance with adopted IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 7.

RISK GOVERNANCE

Our risk governance model is based on the presence of three different levels of risk management: the Board of Directors, the Audit Committee and Senior Executive Management, who actively take accountability for managing risks and controls.

Board of Directors

The Board of Directors has overall responsibility for the Group risk management and internal control system, being responsible for determining the strategy, setting the objectives, defining the risk appetite and influencing the culture of risk management. These goals are pursued through maintaining internal controls systems that ensure the accomplishment of our mission and not taking any substantial risks without them first being reduced to an acceptable level.

Audit Committee

The Audit Committee monitors and reviews the scope and the effectiveness of the Company's systems of risk and internal control. The Committee's responsibilities also include the oversight of matters relating to relations with auditors, funding, information technology and cybersecurity and tax.

Management

Group management is responsible for enacting guidelines, projects and activities under the Board of Directors' and the Audit Committee's review, monitoring risk in line with the strategic objectives of the Group, as well as managing day-to-day risks.

RISK MODEL

Our risk model has been structured to identify and manage risks that could endanger the achievement of strategic objectives in the short and long term. To facilitate the risk identification process, we have defined four risk categories:
a) operational risks;
b) strategic risks;
c) external risks; and
d) compliance risks.

Evaluation of our risks identified the four top risks that exceed the Group's risk appetite[1] and require priority mitigation actions. The top risks are set out below, together with a description of the causes and consequences of each risk and of the actions taken to mitigate such risks.

Management has also assessed climate risk and possible related impacts, concluding that this is not significant due to the business of the Group, its main suppliers and the current stage of its organisation. For further details, please refer to the disclosure reported in the ESG section.

1 The risk appetite is the maximum acceptable level of risk, as established by MotorK.

OPERATIONAL RISKS

Risk	Causes of risk	Consequences of risk	Mitigation
Delivery of products and services not in line with customers expectations	Inefficiencies in delivery with impacts on product release (e.g., due to misallocation of resources and/or incorrect scheduling). ■ Absent/ineffective client relationship and communication process. ■ Occurrence of errors/technical issues during delivery closeout phase.	■ Economic damage in terms of extra costs (operational inefficiency). ■ Reputational damage.	■ The process and operating practices of delivery are implemented in our CRM, with controls operated cross-departmentally and with the customers, supervised by dedicated staff. Recently, we have implemented a significant improvement action through: ■ Implementation, effective from Q1 2024, of a new, formalised, delivery process, with the adoption of a specific workflow management tool, involving also the relationship with customers. ■ Identification of specific cross-departmental KPIs to monitor the adherence to quality standards and delivery schedules. The KPIs monitoring has been effective since Q4 2023.
Failure to successfully finalise the integration of the acquired companies	■ Absent/ineffective strategy and structured plan to manage the integration with impact on business as usual of the acquired company. ■ Absent/ineffective structured plan to integrate support functions (e.g., Human Resources, Finance). ■ Absent/ineffective strategy to realise synergy with employees of the acquired company. ■ Absent post-merger integration KPI monitoring.	■ Economic damage in terms of extra costs and less revenues. ■ Reputational damage.	■ After an acquisition, a gap analysis is carried out to identify the needs of integration and migration of the new company. ■ The Post Merger Integration function designs and manages the Integration Plan involving the specialist functions (e.g., HR, Product, Finance, etc.). The budget for the integration costs and the expected outcome of the acquisition in terms of additional revenues is defined. ■ Post-merger integration KPIs (including, but not limited to financial KPIs, timeline, qualitative KPIs to measure the level of achievement with the implemented plan, are adopted and monitored.

STRATEGIC RISKS

Risk	Causes of risk	Consequences of risk	Mitigation
Crisis event	■ Absent/ineffective Crisis Management Plan. ■ Absent/ineffective Business Continuity Plan and disaster recovery. ■ Lack of employee training about what to do in case of a crisis or disruptive event. ■ No tests and simulations of plans. ■ Lack of a formalised process for the continuous improvement of plans. ■ Failure to identify and train the spokesperson in charge of all communications in case of crisis.	■ Reputational damage. ■ Economic damage (in terms of lower revenues). ■ Interruption of MotorK products and services. ■ Legal consequences. ■ Delay/interruption of business processes. ■ Decrease in share value.	A Disaster Recovery Plan is in place. The Plan defines: i) the criteria to activate it; ii) roles and responsibilities for deciding which aspects of the plan should be implemented; and iii) the process to quickly and efficiently notify key disaster recovery resources, staff, customers, vendors and third parties in the event of a disaster. Spokespeople have been defined: i) Chief Executive Officer; ii) Executive Chairman; and iii) Chief Strategy Officer.
Failure to meet strategic growth targets	■ Failure to meet our targets of organic growth. ■ Failure to achieve synergies connected with the integration of the acquired business.	■ Economic damage (in terms of lower revenues and of lower cash generation/higher cash consumption). ■ Decrease in share value. ■ Reputational damage.	■ Ongoing monthly or more frequent monitoring of operational and financial KPIs to address timely deviations between results and budgets. ■ MotorK Group has established a dedicated team focused on post-merger integration activities to ensure synergies are met. ■ Ongoing monitoring of post-merger integration KPIs.

EXTERNAL RISKS

Risk	Causes of risk	Consequences of risk	Mitigation
Interruption of MotorK IT systems and products due to a cyberattack	■ Lack of/ineffective security measures. ■ Lack of/ineffective staff training in terms of cybersecurity. ■ Unauthorised/incorrect use of devices by employees.	■ Unavailability of products and services. ■ Operational business interruption. ■ Economic damage in terms of extra costs for incident response, forensic activities, data and system recovery costs and/or cyberextortion. ■ Economic damage in terms of lower revenues due to business interruption. ■ Reputational damage.	Cyberinsurance is in place. ■ When a new company is acquired, its product infrastructure is totally separate from MotorK's, so a vulnerability in its infrastructure cannot affect the continuity of MotorK products.
Denial of service attack	■ Lack of/ineffective security measures. ■ Lack of/ineffective staff training in terms of cybersecurity (e.g. due to phishing attack). ■ Unauthorised/incorrect use of devices by employees.	■ Unavailability of products and services. ■ Economic damage in terms of extra costs for incident response, forensic activities and data and system recovery costs. ■ Economic damage in terms of lower revenues due to business interruption. ■ Reputational damage.	Cyberinsurance is in place. ■ MotorK's templates provide protective contractual conditions with customers for any interruption of products and services due to events not attributable to the wilful misconduct or gross negligence of MotorK.
Data breach	■ Cyberattack. ■ Lack of/ineffective security measures. ■ Lack of/ineffective staff training in terms of cybersecurity. ■ Misbehaviour of employees. ■ Unauthorised/incorrect use of devices by employees.	■ Economic damage in terms of extra costs for litigations, incident response, forensic activities and data and system recovery costs. ■ Reputational damage.	Cyberinsurance is in place. ■ Presence of disaster recovery procedures where roles and responsibilities to manage an incident are identified and a Data Protection Officer has been appointed. ■ Definition and implementation of a training plan for Data Processors. ■ Definition and implementation of a Data Breach procedure and breach notification management. ■ Implementation of security measures to prevent violations (antivirus, firewalls, backups, penetration tests).

COMPLIANCE RISKS

Risk	Causes of risk	Consequences of risk	Mitigation
Unlawful acts by internal staff resulting in criminal liability of the Company, under the Italian Legislative Decree 231/2001	■ Lack of/ineffectiveness of Organisation and Management Model ex 231/2001. ■ Ineffective/incomplete monitoring and control. ■ Lack of/incorrect communication to the Organismo di Vigilanza[2] of any changes/updates in the role of senior resources. ■ Failure to update the 231– risk matrix in relation to changes in the Company and/or in the products/services provided. ■ Lack of/ineffective staff training.	■ Pecuniary and inhibitory penalties. ■ Reputational damage. ■ Economic damage in terms of extra costs and lower revenues.	■ The Company recently adopted a new Whistleblowing Policy in line with the recent applicable Italian Legislative Decree n. 24/2023. ■ The Company is finalising, with the support of an external law firm, the process needed to adopt the 'Organisation and Management Model ex 231/2001' (with the appointment of the Organismo di Vigilanza) with the goal of having it in place within H1 of FY2024. ■ The Company constantly carries out an assessment of corrective and preventive mitigation controls already in place (e.g. Code of Ethics, Whistleblowing policy, group organisational chart, formalised power of attorney, formalised transfer pricing policy).

2 The 'Organismo di Vigilanza' is the Supervisory Board pursuant to the Legislative Decree 231/2001.

INTERNAL CONTROL SYSTEM GOVERNANCE

The Internal Control System (ICS) is designed to manage the risk of failure to achieve our business objectives and can provide reasonable assurance against material misstatement or loss.

Our ICS Governance Model is based on the presence of three lines of defence: Management (first line), the Risk and Compliance function (second line) and the CFO (third line), who actively take accountability, monitor risk, and control management.

Management (first line of defence)

Group management is responsible for enacting guidelines and implementing adequate, effective and efficient control measures to support the organisation in the achievement of its goals and to preserve value.

Risk management and compliance (second line of defence)

Our Risk Management and Compliance function provides expertise, support and challenge on risk and internal controls-related matters.

CFO (third line of defence)

Based on the principles of the Dutch Corporate Governance Code[3], the set-up of an internal audit function is not a mandatory requirement. Therefore, MotorK has empowered the CFO to perform assurance and monitoring activities over the ICS and advise on risk and control matters. As also foreseen by the Code and in case of absence of an internal audit function, the Supervisory Board assesses annually whether adequate alternative measures have been taken to preside over the third line of defence.

INTERNAL CONTROL SYSTEM MODEL

MotorK is committed to ensuring compliance with the following **general principles of control:**

- **Segregation of Duties:** separation of responsibilities between those who perform, control and authorise a specific business activity.
- **Policies and Procedures:** existence of guidelines, principles of conduct and formalised operating procedures.
- **Power of Attorney:** formal definition within the Company of authorisation and signatory powers consistent with assigned organisational and management responsibilities.
- **Traceability:** documenting and archiving of documentation by the competent corporate functions to ensure an adequate level of traceability of the activities and controls carried out.
- **Conflict of Interest:** guarantee that there are no situations of privileged relations and conflict of interest, current or even potential, between a third party and Group companies during the execution of Company operations.
- **Information Systems:** CRM, Enterprise Resource Planning and Reporting Systems ensure proper automated controls to guarantee completeness and accuracy of transactions and data.
- **Integration:** defined integration plans for information systems and control procedures of acquired entities to guarantee integrity of consolidated financial data.

MOTORK INITIATIVES FOR RISK MANAGEMENT AND INTERNAL CONTROL

We are working on the enhancement and continuous improvement of our risk management and internal control system in order to ensure we work to the highest standards. During 2023, the following main initiatives were carried out:

- **Enterprise Risk Assessment aimed at:**
  - defining the entire spectrum of risks to which the Company is exposed;
  - defining the associated risk appetite;
  - identifying measures to mitigate risks;
  - prioritising risks; and
  - identifying possible areas for improvement and defining related action plans.
- For MotorK Italia S.r.l, **Risk Assessment** with the support of an external law firm aimed at:
  - identifying relevant offences under the Italian Legislative Decree 231/01;
  - identifying and prioritising risk areas;
  - identifying and analysing the related internal controls;
  - identifying possible areas for improvement and defining related action plans;
  - finalising the documentation and the process needed to adopt the Organisation and Management Model ex 231/2001 within the H1 of FY2024; and
  - adopting a new Whistleblowing Policy in line with the recent applicable laws.
- Formalisation of **policies and procedures** for most relevant processes.
- Formalisation of **Risk and Control Matrices** for most relevant processes, summarising risks, controls and related attributes (frequency, nature of control, control objectives).

In the year 2024, the management will be working to strengthen the internal control system through the adoption of new tools and procedures in consideration of the Organisation and Management Model ex 231/2001 to be adopted during the H1 of FY2024.

Impacts of risks on the performance of the year

Management does not believe that the aforementioned risks have had a measurable impact on our performance during the year.

BOARD APPROVAL

The Strategic Report was approved by the Board of Directors on 15 April 2024 and signed on 16 April 2024 on its behalf by:

Marco Marlia
16 April 2024

3 The 'Dutch Corporate Governance Code' defines principles and best practices regarding the implementation of a robust and clear system of good governance for Dutch-listed companies. It regulates for the internal audit function at: 'Principle 1.3 internal audit function', paragraph '1.3.6 Absence of an Internal Audit Department'.

Corporate Governance

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

We strongly believe that good corporate governance plays an important role in the Group's ability to achieve its medium- and long-term strategic objectives, and therefore MotorK's focus on business is accompanied by careful management of corporate governance compliance with applicable laws.

THE BOARD RECOGNISES THE IMPORTANCE OF SOUND CORPORATE GOVERNANCE

Dear Shareholders

As Chairman of the Board of Directors of MotorK Plc, I am pleased to introduce the Group's Corporate Governance Report for the period ended 31 December 2023. The Corporate Governance Statement provides an overview of how the Board of Directors has operated during the past financial year and the key issues considered.

Since my appointment in June 2021, I have been impressed with the governance processes in place relative to the Group's size and with the Company's commitment to fostering an innovative and inclusive culture. The Board of Directors is committed to sound corporate governance. The Company is voluntarily applying the Dutch Corporate Governance Code (the Dutch Governance Code). A copy of the Dutch Governance Code can be found on 2022 Corporate Governance Code.

The Company fully endorses the underlying principles of the Dutch Governance Code and applies the Dutch Governance Code as the guiding principles to its corporate governance policy. The Company complies with relevant best practice provisions of the Dutch Governance Code in a manner consistent with and proportionate to the size, risks and complexity of the Group's operations. The Board of Directors believes that good governance plays a key part in the Group's ability to achieve its medium- and long-term strategic aims, and supports the creation of value for all our stakeholders. As such, good corporate governance and social responsibility plays a key part in the Company's strategy and long-term value creation for its shareholders.

The Board of Directors will provide annual updates on our compliance with the Dutch Governance Code. Please refer to pages 54–56 for more details.

During the financial year ended 31 December 2023, the Company decided to primarily focus on growing its business in order to implement its presence and position in the relevant market, increase the revenues and attract new investors. MotorK also carried out the integration process of all the companies acquired in the last years, with the goal to gradually unify the new entities and their assets, people, tasks and resources in a manner that creates the most value for the future of the Company, by realising efficiencies, synergies and new business. In light of the decisions and the approach above described, during the fiscal year ended 31 December 2023, there were no significant changes in corporate governance other than those that may be required by the applicable regulations.

The main Group-wide governance documents are our Code of Conduct and the Board Rules, which set out our responsibilities to the Company, to each other, and what our stakeholders may expect from us. Together with our policies, these documents guide us in making smart, sound decisions in our day-to-day work and professional relationships with our customers and suppliers.

The Board of Directors has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. My ambitions for the composition of the Board of Directors are to maintain its Directors, each of which has a deep understanding of the Company and the industry in which the Company operates and, where applicable, broaden the range of experience, expertise and diversity in line with the Board profile (a copy of which is published on the Company's Governance documents page.

In the following section, we outline the Group's approach to corporate governance and compliance with the principles of the Dutch Governance Code.

Amir Rosentuler
Chairman

GOVERNANCE OVERVIEW

MotorK Plc is a public limited company incorporated and registered in England and Wales. It acts as a holding company for its subsidiaries, details of which are set out on pages 100–101. MotorK's shares are listed on the Euronext Amsterdam.

MotorK has a two-tier governance structure comprising the Board of Directors and the Executive Management Team. There is also a third governing body: the Company's shareholders. In the following sections, we provide information on these governing bodies and their responsibilities and duties.

THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM

The Board of Directors is comprised of two Executive and three Non-Executive Directors. The Board of Directors considers that Måns Hultman and Mauro Pretolani are independent in character and judgement, and that there are no relationships or circumstances which are likely to affect their independent judgement.

The Board of Directors is responsible for the Company's strategic leadership, determining the fundamental management policies of the Company and overseeing the performance of the Company's business. The Board of Directors is the principal decision-making body for all matters that are significant to the Company, whether in terms of their strategic, financial or reputational implications. The Board of Directors has final authority to decide on all issues save for those that are specifically reserved to the General Meeting of shareholders by law or by the Company's Articles of Association.

During the year, all serving Directors attended (in the main by video conference) the scheduled Board meetings that were held. In addition to the scheduled Board meetings, a number of ad hoc Board meetings were held. Directors are provided with appropriate and timely information by the Group's management and the Directors are free to seek any further information they consider necessary. Details of the number of Board meetings attended by each Director can be found on page 58.

Members of the Board of Directors are appointed by the shareholders for four-year terms. The Executive Director may serve any number of consecutive terms. Non-Executive Directors may be reappointed once for an additional four-year term and thereafter, the Non-Executive Directors may again be reappointed but for not more than two consecutive terms of not more than two years each.

Day-to-day operating decisions are made by an Executive Management Team (the Executive Management Team). The current Executive Management Team consists of 10 members, including the Chairman and the CEO, each of whom oversees a specific aspect of the business. Details of the Executive Management Team can be found on pages 62–63.

The regulations regarding the appointment and dismissal of directors and supervisory directors and amendments to the Articles of Association are included in the section containing governance documents on the Company website.

OVERVIEW OF BOARD COMMITTEES

The Board of Directors is supported by the Audit, Remuneration and Selection and Nomination Committees, details of which are set out below. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities, copies of which are published on the Company's Governance documents page. A summary of the activities during the year ended 31 December 2023 of each of the below-mentioned committees can be found on pages 58–59.

Audit Committee

The Audit Committee's role is to assist the Board of Directors with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group's annual financial statements and accounting policies, external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors. It also includes advising on the nomination for appointment of external auditors and completing the preparatory work for the Non-Executive Directors' decision-making regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems.

The Audit Committee consists of two Non-Executive Directors: Mauro Pretolani, as Chair of the Audit Committee and Laurel Charmaine Bowden. All members, including the Chairman of the Audit Committee, meet the requirements of members of the Committee pursuant to the terms of reference. In addition, Mauro Pretolani has competence in accounting and auditing.

The Company appointed an external adviser that supported the Audit Committee activities.

Remuneration Committee

The Remuneration Committee advises the Board of Directors in relation to its responsibilities regarding the determination of the remuneration of Board members. The Remuneration Committee is tasked with submitting a clear and understandable proposal to the Board of Directors concerning the remuneration policy to be pursued.

The Remuneration Committee is chaired by Måns Hultman and Amir Rosentuler is a member. All members, including the Chairman of the Remuneration Committee, meet the requirements of members of the Committee pursuant to the terms of reference.

Selection and Nomination Committee

The Selection and Nomination Committee assists the Board of Directors in reviewing the size and composition of the Board of Directors, and proposes appointments and reappointments. It periodically assesses the functioning of individual Directors and is also responsible for drawing up plans for the succession of Directors.

The Selection and Nomination Committee is chaired by Amir Rosentuler and Mauro Pretolani is a member. All members, including the Chairman of the Selection and Nomination Committee, meet the requirements of members of the Committee pursuant to the terms of reference.

SHAREHOLDERS

A General Meeting is held yearly, within six months of the end of every financial year. The general purpose is to receive and adopt the accounts and the reports of the Directors (including the Directors' Remuneration Report) and auditors.

Other General Meetings, other than an Annual General Meeting (AGM), may be called with no less than 14 clear days' notice, according to a special resolution passed at the 2022 Annual General Meeting.

A General Meeting is called by notice sent by the Directors. Shareholders representing at least 5% of the total voting rights of all the members who have a right to vote have the ability to (i) request that the Directors call a General Meeting and (ii) require a resolution to be put before a General Meeting that they have so convened. Every shareholder may attend, speak and vote at a General Meeting.

Unless the Companies Act 2006 or the Articles of Association require a larger majority, resolutions tabled at the General Meeting are adopted by a simple majority of votes cast.

MotorK recognises the importance of engaging with its shareholders. For further details, please see the Stakeholder Engagement section on pages 35-36.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board of Directors has overall responsibility for the Group's system of internal controls. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable assurance against material misstatement or loss.

The Directors believe that the Group has internal control systems in place appropriate to the size and nature of the business. The key elements are:

- Group Board Meetings, at a minimum of four times per year, with reports from and discussions with the Executive Management Team on performance and, at least two times per year, on key risk areas in the business;
- monthly financial reporting, for the Group and for each subsidiary, of actual performance compared to budget and the prior year;
- annual budget setting; and
- a defined organisational structure with appropriate attribution of responsibility.

The Board of Directors meets as required with the external auditor on matters identified in the course of the statutory audit.

Furthermore, the Company was supported in its development of the internal control and risk management systems during the 2023 financial year by an external adviser.

CONFLICTS OF INTEREST

The Board of Directors ensures that there are effective procedures in place to avoid conflicts of interest by Board members. Each of the Directors has a statutory duty to avoid conflicts of interest with the Company and to disclose the nature and extent of any such interest to the Board of Directors.

If a situation arises in which a Director has, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company, the Director in question must declare the nature and extent of his or her interest to the other Directors and provide all relevant information to the Board of Directors, so that the Board of Directors (excluding the Director concerned) can decide whether a declared (potential) conflict of interest of a Director qualifies as a conflict of interest within the meaning of the relevant laws.

The Board of Directors, in such a scenario, may (subject to the Company's Articles of Association) resolve to authorise the conflict and such authorisation may include whether the Director can take part in the decision-taking process of the Board of Directors in respect of any situation in which he or she has a conflict of interest.

Similarly, the Dutch Governance Code requires the Directors to avoid any form of conflict of interest with the Company and the Directors, and to immediately report any (potential) conflict of interest to the Chairman under provision of all relevant information.

In the past financial year, there were no transactions made in which there was a conflict of interest.

Further information as to how the Board of Directors deals with (potential) conflicts of interest may be found in the Board Rules (a copy of which is available on the Company's Governance documents page).

ADVISERS

The Board of Directors is in regular contact with its advisers to ensure that the Group is, at all times, compliant with applicable rules and regulations.

The Company has engaged several experts providing (i) support to the Board of Directors in relation to the development of the internal control and risk management systems; and (ii) regular advice to the Audit Committee in relation to the activities within its competencies.

In addition, the Company has engaged primary law firms as advisers to the Company as to UK and Dutch law.

AN OVERVIEW OF COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

The Board of Directors is responsible for the corporate governance of the Company and for compliance with the Dutch Governance Code, which was voluntarily adopted as from listing of the Company on Euronext Amsterdam. The Company acknowledges the importance of good corporate governance. The Company regards the Dutch Governance Code and its underlying principles as the guiding principles for the corporate governance of the Company.

The Company in principle complies with the relevant principles and best practice provisions of the Dutch Governance Code addressed to the Board of Directors. The deviations from the Dutch Governance Code are noted on the next page. Compliance with the Dutch Governance Code is based on the 'comply or explain' principle. In this table, we provide an overview of the best practice provisions the Company does not comply with and explain why this is the case.

Best practice provision	Deviation	Explanation
Provision 1.3: internal audit function.	The Company does not have an internal audit function in place.	The Board of Directors believes, in consultation with the Audit Committee, that the Company has not existed as a listed company long enough to install its own dedicated internal audit function. The Company will consider each year whether an internal audit function is necessary.
Best practice provision 3.1.2, which provides that, inter alia, the following aspects should be taken into consideration when formulating the remuneration policy: (a) if shares are being awarded, the terms and conditions governing this. Shares shall be held for at least five years after they are awarded; and (b) if share options are being awarded, the terms and conditions governing this and the terms and conditions subject to which the share options can be exercised.	A number of the options granted under the Enterprise, Management Incentives (EMI) Plan will vest and be exercisable also within the first three years following the IPO. Also, the lock-up commitments agreed upon in connection with the shares resulting from the exercise of the options granted under the EMI Plan will expire prior to five years following the award of such shares.	The Company deviated from the best practice provision 3.1.2 in order to retain its Directors, each of which has a deep understanding of the Company and the industry in which the Company operates. Starting from the approval of the new Long-Term Incentive Stock Option Share-Based Plan, the Group has not granted new option under the EMI Plan.
Best practice provision 5.1.4, which provides that all the members of the Remuneration Committee are non-executive.	Not all the members of the Remuneration Committee are non-executive, since the Chairman has been appointed as an Executive Chairman in June 2022.	The Board weighted on one side the level of experience and contribution that the Chairman is taking to the benefit of the Remuneration Committee and, on the other side, the potential risk of having an Executive Director as a member of the committee and decided that the latter were negligible in the case while the former were tangible. The Board will reconsider this decision in case of future significant changes of the Board composition. During FY2023, the compensation model related to BoD members remained stable and there was no need to proceed with any update and/or changes. In consideration of this, also in light of the fact that there is no evidence of any risk, it is considered appropriate to go in continuity with the current arrangement by carrying out only the necessary maintenance activities.
Best practice provision 4.3.2 states that the Company should give shareholders and other persons entitled to vote the possibility of issuing voting proxies or voting instructions, respectively, to an independent third party prior to the General Meeting.	The Company does not provide the option of an independent third party.	The Company's shareholders' structure is composed of stable shareholders and some stable investors, and as far as the Board of Directors is aware, no retail investors currently hold shares in the Company in a significant way; therefore the Board of Directors is satisfied that it is not necessary to appoint an independent third party at this time. The Board of Directors will continually review this decision ahead of future General Meetings of the shareholders.
Annually, the Non-Executive Directors are expected to meet in order to discuss their own functioning, the functioning of the Board of Directors and its Committees, and the functioning of the Executive Directors pursuant to best practice provisions 2.2.6 and 2.2.7 of the Dutch Corporate Governance Code.	Relevant activities are scheduled in the first half of 2024.	Due to the extreme workload they were not able to perform such activities. Kick-off of such activities has been discussed in the board of directors held on March 2024 and it is therefore planned to be concluded in the first half of 2024 (only one per year is required).

IN-CONTROL STATEMENT

In accordance with best practice provision 1.4.3 of the Dutch Governance Code, the Board of Directors states that:

- the report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- the report provides information on those material risks and uncertainties that are relevant to the expectation of the Company's ability to continue as a going concern for a period of 12 months after the preparation of this report.

With reference to article 5:25c, section 2 sub c of the Dutch Financial Supervision Act and based on the audit of the financial statements by the external auditor, Marco Marlia (CEO) and Andrea Servo (CFO) state that, to the best of their knowledge:

- the financial statements as included in this report provide a true representation of the assets, liabilities and the financial position as at 31 December 2023, as well as the profit for the financial year 2023 of the Company and the companies included in the consolidation; and
- the Annual Report provides a true representation of the situation on 31 December 2023 and the course of business at the Company and at companies included in the consolidation for the financial year 2023 and the Annual Report includes a description of the material risks the Company faces.

LONG-TERM VALUE CREATION

A detailed explanation of the Board of Directors' view on long-term value creation and the strategy for its realisation, also describing which contributions were made to long-term value creation in the past financial year, as well as both the short-term and long-term developments are included in the Strategic Report on pages 10–14.

DIVERSITY POLICY

In consideration of the adoption of a diversity policy for the Board of Directors (held last year), which is posted on the Company's website, the Company believes that diversity in the composition of the Board of Directors in terms of age, gender, expertise, professional background and nationality is an important means of promoting debate, balanced decision-making and independent actions of the Board of Directors.

The Company furthermore recognises that diversity should not be limited to the Board of Directors, but should in principle extend to all areas of the Company's business, including but not limited to other key leadership positions.

The following specific diversity target has been identified to improve the diversity within the Board of Directors: maintaining the gender diversity within the Board of Directors such that at least 20% of the Board of Directors will consist of women.

VALUES AND CODE OF CONDUCT

Last year, the Company adopted a Code of Conduct, which applies to all of our employees, including the Directors. The Code of Conduct is posted on the Company's Governance documents page.

The Company closely monitors the effectiveness of and compliance with the Code of Conduct. Violations of the Code of Conduct are usually prevented through, among other things: periodic training activities to employees, reports received in accordance with the whistleblowing management procedures and checks forming part of the standard operating procedures of the Group. For all Code of Conduct violations, the disciplinary measures taken are commensurate with the seriousness of the case and comply with local legislation. The relevant corporate departments are notified of violations, if any, irrespective of whether criminal action is taken by the authorities.

ANTI-TAKEOVER MEASURES

The Company currently has no anti-takeover measures in place.

NON-EXECUTIVE DIRECTORS' REPORT

This report is referred to in best practice provision 2.3.11 of the Dutch Governance Code.

INTRODUCTION

This is the report of the Non-Executive Directors of the Company over the financial year 2023, as referred to in best practice provision 2.3.11 of the Dutch Governance Code.

With a view to maintaining supervision of the Company, the Non-Executive Directors regularly discuss the Company's long-term business plans, the implementation of such plans and the risks associated with such plans with the Executive Directors.

Details of the current composition of the Board of Directors, including the Non-Executive Directors, are set out in the section 'Board of Directors' on pages 60–61.

SUPERVISION BY THE NON-EXECUTIVE DIRECTORS

Pursuant to the Dutch Governance Code, it is the responsibility of the Non-Executive Directors to supervise the policies carried out by the Executive Directors and the general affairs of the Company and its affiliated enterprise, including the implementation of the strategy of the Company regarding long-term value creation. In doing so, the Non-Executive Directors have also focused on the effectiveness of the Company's internal risk management and control systems, the integrity and quality of the financial reporting and Company's long-term business plans, the implementation of such plans and the risks associated.

The Non-Executive Directors supervised the adoption and implementation of the strategies and policies by the Company. In this respect, the Group strategy has been adopted in view and ahead of the IPO in 2021 and has not been substantially changed since. The Non-Executive Directors have therefore focused on overseeing that the yearly budget and the main transactions and strategic decision be in line with the above-stated strategy. This has been achieved through regular updates with the Executive Directors and the executive team, occurred mostly in the occasion of the Board meetings or in dedicated sessions. The Non-Executive Directors have also reviewed this Annual Report, including the Remuneration Report and the Group's financial results, received updates on legal and compliance matters and have been regularly involved in the review and approval of transactions entered into with related parties. The Non-Executive Directors have also reviewed the report of the Board of Directors and its Committees.

The Board of Directors may allocate certain specific responsibilities to one or more individual Directors or to a Committee comprised of eligible Directors of the Company. In this respect, the Board of Directors has allocated certain specific responsibilities to the Audit Committee, the Remuneration Committee and the Selection and Nomination Committee.

MEETINGS OF THE BOARD OF DIRECTORS

Directors are expected to prepare themselves for and to attend all Board of Directors meetings, the Annual General Meeting of shareholders and the meetings of the Committees on which they serve, with the understanding that, on occasion, a Director may be unable to attend a meeting.

There were five meetings of the Board of Directors during the year 2023. An overview of the attendance of the individual Directors per meeting of the Board of Directors and its Committees is set out on the table on the next page.

Moreover, certain items were submitted and resolved by the Board of Directors through specific written resolutions, as provided by the Company's by-laws.

During those meetings and/or in the written resolutions, the key topics were related to:

- approval of the 2022 Company's accounts and reports;
- approval of the Reserved Capital Increase of €3 million executed by Lucerne, an existing shareholder of the Company;
- approval of the acquisition of the Italian company named GestionaleAuto.com S.r.l.;
- approval of a financing agreement with Atempo Growth, pursuant to which a financing for an aggregate amount equal to €5 million has been granted to the Company;
- re-appointment of Laurel Charmaine Bowden as director of Company;
- approval of the re-appointment of BDO LLP as the auditors of the Company;

- approval of (i) the impairment test of the Group as of 31 December 2022 and the financial projections underlying the test and (ii) the Annual Report and Accounts of the Group for the financial year ended 31 December 2022 (incorporating the strategic report, the non-executive and directors' report, the directors' remuneration report and the auditable part of the directors' remuneration report, the directors' report and the auditor's report on those accounts);
- acknowledgement of the results of a risk assessment;
- approval of the Long-Term Incentive Plan (LTIP) of the Company and the relevant subplans; and
- budget.

INDEPENDENCE OF THE NON-EXECUTIVE DIRECTORS

The independence requirements relating to Non-Executive Directors are set out in best practice provisions 2.1.7, 2.1.8 and 2.1.9 of the Dutch Governance Code. The most important requirement is that a majority of the Non-Executive Directors be independent in the sense of best practice provision 2.1.8. In the opinion of the Non-Executive Directors, two out of three Non-Executive Directors are considered to be independent in this sense currently.

Laurel Charmaine Bowden is not independent within the meaning of best practice provision 2.1.8, since she is a partner at 83 North III Limited Partnership (83 North) and 83 North holds approximately 20% of the shares in the Company. As the number of shares held by Zobito AB's vehicles is not considered

Director	Board of Directors	Audit Committee	Remuneration Committee	Selection and Nomination Committee
Amir Rosentuler	5/5	–	2/2	2/2
Marco Marlia	5/5	–	–	–
Måns Hultman	5/5	–	2/2	–
Laurel Charmaine Bowden	5/5	4/4	–	–
Mauro Pretolani	5/5	4/4	–	2/2

to be significant, Måns Hultman is considered to be independent.

In accordance with best practice provision 2.1.10, the Board of Directors is of the opinion that the independence requirements for Non-Executive Directors as referred to the Dutch Governance Code are met by the Company.

EVALUATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Annually, the Non-Executive Directors are expected to meet in order to discuss their own functioning, the functioning of the Board of Directors and its Committees and the functioning of the Executive Directors, pursuant to best practice provisions 2.2.6 and 2.2.7 of the Dutch Corporate Governance Code.

Due to the extreme workload, the Non-Executive Directors were not able to perform the aforementioned evaluation during 2023. The Board Evaluation required by the Dutch Governance Code has been already scheduled in the first half of 2024.

COMMITTEES

Audit Committee

A description of the Audit Committee's role, responsibilities and composition is set out on pages 52–53. During the year ended 31 December 2023, the Audit Committee has selected and recommend to the Board of Directors advisers who have supported the Company development path of the internal control and risk management system in 2023; furthermore, the Audit Committee has been supported by an external adviser on a permanent basis during the execution of its duties. In particular, the Audit Committee supported and recommended to the Board of Directors the approval of the Company's Annual Report and financial statements for the financial year ended 31 December 2022 and H1 2023 Report. The Audit Committee also took note of the external auditors' activities for 2021 and the results of the impairment test.

During the year ended 31 December 2023, the Audit Committee focused also on the results of the activities performed for the formalisation of the Risk and Control Matrices (RCMs) for most relevant processes, summarising risks, controls and related attributes (frequency, nature of control, control objectives). The Audit Committee took note of the results and monitored the follow-up activities during the year 2024.

Furthermore, during the year ended 31 December 2023, the Audit Committee, together with the support of the external advisers, has analysed and approved the Company's results on a quarterly basis and also acknowledged and approved the identified improvements to the Company's risk management and internal control system, also in relation to the post-merger controls over the integration process.

Remuneration Committee

A description of the Remuneration Committee's role, responsibilities and composition is set out on page 53. The Remuneration Committee worked on an LTIP and Short-Term Incentive Plan (STIP) together with external advisers, and recommended the Board of Directors to adopt the same, together with French and Israeli subplans.

During the year ended 31 December 2023, the Remuneration Committee has approved both the engagement of an external law firm for finalising the Director's Service Agreement and the Israeli and France subplans to MotorK Plc LTI Plan (Subplans). Furthermore, the Remuneration Committee also proceeded with the appointment of a committee for the management of the Group LTI Plan (LTI Committee).

Selection and Nomination Committee

A description of the Selection and Nomination Committee's role, responsibilities and composition is set out on page 53. During 2023, the Selection and Nomination Committee discussed, amongst others, the reappointment of Laurel Charlaine Bowden as a Non-Executive Director of the Company for a term of four years. During the course of the financial year that will end on 31 December 2024, the Selection and Nomination Committee will focus on the drafting of a succession plan and a retirement plan for the Executive and Non-Executive Directors of the Company. The plans will be aimed at retaining the balance in the requisite expertise, experience and diversity.

Furthermore, the Selection and Nomination Committee has highlighted the importance to finalise the Board Evaluation Questionnaire required under the relevant applicable and regulatory law (Board Evaluation Questionnaire).

INTERNAL AUDIT FUNCTION

The Non-Executive Directors believe that the Company has not existed as a listed company long enough for it to be necessary to install its own dedicated internal audit function. Senior staff members in the finance department of the Company are partially dedicated to risk and control management. The CFO oversees risk management tasks. An update on risk management activities, findings, conclusions and actions is provided to the Audit Committee, where priorities are set and guidance is provided to follow up on identified areas of concern and to further enhance risk and control management. The Audit Committee is further supported by relevant subject matter experts throughout the Company.

BOARD OF DIRECTORS

WHO WE ARE
The members of the MotorK Board of Directors focus on long-term value creation for the company and the Group's businesses, taking into account how Group-wide strategies and policies contribute to the interests of each subsidiary and the Group as a whole in the long term.

Members
5

Attendance
100%

Amir Rosentuler
Executive Chairman (appointed 11 June 2021)

Mr. Rosentuler, 57, Israeli, joined the Group in 2020. He has 25 years of executive management and entrepreneurial experience in leading technology companies, including more than 15 years of experience in NASDAQ- and NYSE-listed companies. Mr. Rosentuler is currently the Chairman and Board Member of several companies. Previously, he was the co-Chief Executive Officer of Deutsche Telekom HBS Inc, a subsidiary of Deutsche Telekom AG, based in Silicon Valley, California. Mr. Rosentuler completed the Executive Leadership, Business Administration, Management and Operations Programme at Babson College.

Marco Marlia
CEO and Co-founder (appointed 10 October 2014)

Mr. Marlia, 45, Italian, co-founded the Group in 2010. He is a serial entrepreneur experienced in running digital companies, having co-founded several other companies (Nextre Engineering, Biquadra and Nomesia), a web design agency and a search engine optimisation agency. Mr. Marlia holds a Bachelor's and Master's degree in Economics from Bocconi University in Italy and he is author of books including 'Il Metodo DealerK and Wikis: Tools for Information Work and Collaboration'. Mr. Marlia also earned a Bachelor's degree in Institutions and Financial Markets from Bocconi University.

BOARD OF DIRECTORS

CONTINUED

Måns Hultman

Non-Executive Director/Independent Director
(appointed 22 August 2016)

Mr. Hultman, 57, Swedish, has over 30 years of experience in the technology industry. He was CEO of Qlik and a member of the Board of Directors of Hybris (since acquired by SAP). Since 2012, he has been a partner at Zobito, which is a shareholder of the Company. In addition to serving as a Director of the Company, Mr. Hultman currently serves as a Director for Ikano Group, Musikborsen AB, Zobito 1 and 2, Zobito 3 AB and Crossbow AB and an owner of Tassaka AB. Previously, Mr. Hultman served in various leadership positions for other companies.

Laurel Charmaine Bowden

Non-Executive Director
(appointed 11 May 2023)

Ms. Bowden, 59, British, is a partner at 83 North. She has over 15 years of investment experience and has led investments in and been on the boards of many leading European technology companies, including iZettle (acquired by PayPal), Just Eat (LSE: JE), Ebury (50% acquired by Santander), Hybris (acquired by SAP) and Qliktech (NASDAQ: QLIK). Some of Ms. Bowden's current company boards and investments include BlueVine, Critizr, Celonis, Exotec, Form3, Holidu, HungryPanda, Lendbuzz, Mirakl, Paddle, SellerX, Wolt and Workable. Ms. Bowden was previously on the Boards of Investec Plc and Ltd, and at JVP and GE Capital in London. Further, Ms. Bowden earned a BSc in Electrical and Electronic Engineering from the University of Cape Town and an MBA from INSEAD.

Mauro Pretolani

Non-Executive Director/Independent Director
(appointed 22 August 2016)

Mr. Pretolani, 58, Italian, is Senior Partner at Fondo Italiano d'Investimento SGR, a venture capital fund active mainly in the Italian market, a position he has held since 2017. In addition, Mr. Pretolani currently serves as a director for Termo, Healthware Group, Everli (formerly Supermercato24) and BeMyEye. Mr. Pretolani earned a Bachelor's degree in Business and Economics from Sapienza Università di Roma and an MBA from Harvard Business School.

EXECUTIVE MANAGEMENT TEAM

In addition to the CEO, the following individuals comprise the Executive Management Team:

Andrea Servo
Global Chief Financial Officer

Prior to joining the Group in 2021, Mr. Servo served as CFO of DentalPro, Italy's leading dental services provider and a portfolio company of BC Partners, where he led the company through various transactions. Between 2013 and 2016, Mr. Servo was Chief Financial Officer of publicly traded SEAT Pagine Gialle, a company engaged in digital advertising. He joined SEAT Pagine Gialle in 2000 as Group Tax Manager before serving as the company's Chief Accounting Officer from 2008 to 2013. Mr. Servo earned a Bachelor's degree in Economics and Business from the University of Turin and is a chartered auditor and accountant in Italy.

Boaz Zilberman
Chief Operating Officer

In April 2024, Mr. Zilberman was appointed to lead MotorK's Operations, Corporate Development, Investor Relations, Post Merger Integration, and cross-functional management practices. He prioritises cultivating a culture of excellence, innovation, transparency, accountability, and disciplined execution. With over 20 years of experience in software growth companies, Mr. Zilberman has held various roles in Operations, Product Development, Innovation, Corporate Development, and Legal. Notably, he was previously Head of Business Development at AccessFintech, where he oversaw ecosystem partnerships and channel sales. Before that, he served as Head of New Ventures at IHS-Markit, leading post-trade processing innovation. Previously, Mr. Zilberman held the positions of Head of Strategic Initiatives and Head of Legal and Corporate Development at Markit. During his tenure, he played a key role in the company's achievement of its first $1 billion in revenues, facilitated 25 acquisitions, and orchestrated over 100 partnerships. Mr. Zilberman holds an MBA from Bayes Business School (previously Cass), City University of London, and a Bachelor of Law (LL.B.) from Tel Aviv University.

Joe Sanchez
Chief Revenue Officer

Mr. Sanchez joined the Group in April 2022. Mr. Sanchez has 30 years of experience in sales functions across both enterprise and mid-market companies. Joe has participated in high-growth organisations, where he built and led sales, customer success, inside sales, e-commerce and marketing organisations. He has led teams acquiring and managing billions of dollars in revenue through various channels. Most recently, he spent three years at a private equity backed SaaS company providing software platforms to mid-market businesses where he served as the Chief Sales Officer. Mr. Sanchez was educated in the USA, where he earned a BSFS Degree in International Economics from Georgetown University School of Foreign Service in Washington, DC.

Yair Pinyan
Senior Vice President, Head of R&D at MotorK

Mr. Pinyan is Senior Vice President, Head of R&D at MotorK. As leader of the Engineering, IT Operations and Quality Assurance teams, he's a business enabler in charge of the Company's technology development, making sure MotorK's R&D efforts are geared towards steady innovation. He boasts extensive knowledge of advanced technologies to solve complex problems and has worked in R&D organisations for over 20 years. He most recently held the role of Vice President of Research and Development at Britannica Knowledge Systems, where he successfully transferred an on-prem product into a SaaS solution, while managing a remote team of 70 engineers. Previous experience includes leadership roles at Orbotech Ltd, Correlor Technologies Ltd, Microsoft and Gteko Technologies Ltd. Mr. Pinyan holds a Bachelor's degree in Economics and Computer Science from Bar Ilan University in Israel, as well as an Executive MBA from Quantic School of Business and Technology in Washington, DC.

EXECUTIVE MANAGEMENT TEAM
CONTINUED

Jean Pierre Diernaz
Chief Strategy Officer and Country Manager, France

Mr. Diernaz joined the Group in 2019. With over 25 years of experience in automotive digital marketing, Mr. Diernaz has a wide knowledge of the industry and of its opportunities and challenges of digital transformation. After more than 10 years at Ford, where he was Advertising and Marketing Services Manager, he joined Nissan in 2005 and was responsible for general marketing communications for Europe. In May 2010, he was appointed Marketing Director EMEA of Infiniti, Nissan Group's premium brand. In 2014, he became Managing Director of the electric cars business unit for Europe. Mr. Diernaz then became Vice President of Marketing and Digital in Europe, responsible for product launches, pricing strategy, communications and digitalisation. Mr. Diernaz earned an MBA from ISG (Paris) and completed the Executive Leadership Programme at IESE (Spain).

Daria Grazzi
Chief Human Resources Officer

Ms. Grazzi is a long-running professional in the area of people management, with a rich and varied experience in all aspects of human resources. She has over 20 years of professional experience in several industries such as retail and FMCG and industries. In the past five years, she transitioned to the technology industry with a focus on digital companies, in particular, start-ups and scale-ups. Her main focus and expertise lie in: change management, M&A processes and start-ups, as well as expertise in labour legislation and litigation. Ms. Grazzi holds a Bachelor's in Law and a Master's degree in General Management.

Phillippe Schulz
Chief Customer Officer

Mr. Schulz is the Chief Customer Officer, responsible for all entities having interactions with MotorK's customers, in the context of implementing MotorK solutions and keeping those optimised; as such, he leads all operational departments, from support to education and professional services. Having spent all his career in the software industry for the past 30 years, to include 20 years in focusing around management of services departments, Mr. Schulz has deep expertise of best practices in this industry. In his immediate previous position, he was Vice President of Professional Services for a software company specialised around CX management, where he was managing its services divisions across USA, EMEA and APAC. Prior to that position, Mr. Schulz has occupied several management positions while always focusing on the optimisation of the interactions with customers. He holds a Master's in Economics and Social Administration and graduated from the Institute of Business Administration at the University of Sophia Antipolis.

Kevin Owens
Chief Product Officer

Prior to MotorK, Mr. Owens was the Chief Product Officer at Doodle, where he focused on building out the Enterprise SaaS capabilities, while also continuing leadership in the Doodle Groups products. Prior to Doodle, he was the VP of Product at Reveleer, where he was part of the Executive team that lead the transformation from a tech-enabled services company into an industry leader in the healthcare SaaS platform. Before Reveleer, Mr. Owens was the Chief Product Officer at Fuel Cycle for five years, where he led the transformation of the SaaS platform into a market leading community platform that has been recognised by Forrester. This has included the complete rebuild of all the platforms, while also introducing game-changing new features to continue to surprise and delight clients. Prior to Fuel Cycle, he worked for several SaaS platforms and consulting companies, where he focused on building the best products and solutions for clients domestically and globally. He has worked with teams around the world and continues to look for innovative ways to engage users online and on mobile. While at University of Southern California, Mr. Owens focused his MBA in the areas of Strategy, Scenario Planning and Innovation. This has helped him as he has transitioned into the executive ranks to think through all potential strategic options and identify where the market is going in the future.

DIRECTORS' REPORT

The Directors present the Annual Report together with the audited consolidated financial statements and the audited financial statements.

RESULTS AND DIVIDEND

The Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 December 2023 is set out from page 93 and shows the loss for the year.

No interim dividend was declared during the year and the Directors have not recommended a final dividend for the year ended 31 December 2023.

DIRECTORS AND CHANGES TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM

The Directors of the Company during the year ended 31 December 2023 were Amir Rosentuler (appointed June 2021), Marco Marlia, Måns Hultman, Laurel Charmaine Bowden and Mauro Pretolani. Details of the members of the Board of Directors at 31 December 2023 are set out on pages 60–61.

In addition to the CEO, the members of the Executive Management Team of the Company during the year ended 31 December 2023 were Andrea Servo, Etienne Jacquet, Jean Pierre Diernaz, Joe Sanchez, Yair Pinyan, Daria Grazzi, Philippe Schulz, Kevin Owens, and Asaf Polturak. In March 2024 Etienne Jacquet terminated his office as a VP of Corporate Development & IR and Asaf Polturak terminated his office as a Chief of Staff. Starting from beginning of April 2024 Boaz Zilberman joined the Company with the role of Chief Operating Officer.

DIRECTORS' INDEMNITIES

The Company maintains Directors' and officers' liability insurance, which gives appropriate cover for legal action brought against its Directors, subject to the conditions set out in the Companies Act 2006. The policy was in force throughout the period and at the date of the approval of these financial statements.

DIRECTORS AND THEIR BENEFICIAL INTERESTS

The Directors of the Company and their beneficial interest in the ordinary shares of the Company as at 31 December 2023 were as follows:

Director	Position	Appointed	Ordinary shares
Amir Rosentuler	Executive Chairman	11 June 2021	120,000 (0.3%)
Marco Marlia	Chief Executive Officer	10 October 2014	5,481,580 (13.5%)
Laurel Charmaine Bowden	Non-Executive Director	11 May 2023	–
Måns Hultman	Non-Executive Director/ Independent Director[1]	22 August 2016	–
Mauro Pretolani	Non-Executive Director/ Independent Director	22 August 2016	138,400 (0.3%)

1 As the number of shares held by Zobito AB's vehicles is not considered to be significant, Måns Hultman is considered to be independent.

SIGNIFICANT SHAREHOLDINGS

So far as the Company is aware (further to normal notification) and based on public data available, the following shareholders held legal or beneficial interests in ordinary shares of the Company exceeding 3% as at 31 December 2023:

Name	Shares	%
83 North III Limited Partnership	7,864,655	19.3%
Lucerne Capital Management GP	6,121,478	15.0%
Marco Marlia	5,481,580	13.5%
Fabio Gurgone	5,285,080	13.0%
Marco De Michele	5,285,080	13.0%
Zobito AB[1]	2,965,400	7.3%

1 Aggregated Zobito ownership through various vehicles.

As detailed in the Note 27 Post Balance Sheet Events of such Annual Report, during February 2024 a reserved capital increase has been subscribed for a total amount of shares of 4,088,388.

Following such capital increase, Lucerne owns, through various vehicles, 7,043,200 shares (roughly 16%) and 83 North III Limited Partnership owns 9,531,322 shares (roughly 21.2%).

POLITICAL DONATIONS

The Group did not make any political donations in the financial period. There are no restrictions as to voting rights.

CHARITABLE DONATIONS

The Group did not make any charitable donations in the financial period.

FUTURE DEVELOPMENTS

Particulars of any important events affecting the Company that have occurred since the end of the financial year and an indication of likely future developments in the business of the Company are described on page 42 of the Financial and Operating Review section and are incorporated into this report by reference.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

SUBSIDIARIES OUTSIDE OF THE UK

Details of the Company's subsidiaries are set out on pages 100 – 101.

CAPITAL STRUCTURE

MotorK confirms that no shares in the Company were either:

- purchased or acquired by the Company under section 659 CA 2006;
- acquired by the Company's nominee, or by another with Company financial assistance, the Company having a beneficial interest under section 662(1) CA 2006; or
- made subject to a lien or other charge taken (whether expressly or otherwise) by the Company and permitted by section 670(2) or CA 2006 (exceptions from general rule against a company having a lien or charge on its own shares).

The Company also confirms that there are no ordinary shares without voting rights or that confer no or a limited right to share in the profits or reserves of the Company.

Details of the issued share capital, together with details of the movements during the year, are shown in Note 23 to the consolidated financial statements. The Company has one class of ordinary share and each ordinary share carries the right to one vote at General Meetings of the Company.

An eventual significant change of the capital structure might trigger the change of control clause included in our financial arrangement with Illimity Bank to the effect that in case of change of control of MotorK Plc as defined in the financial arrangement, the total outstanding financial liability becomes immediately due and payable.

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group implements a careful approach to financial risk management. During 2022, the Group entered into transactions involving derivative instruments only related to put option (and reciprocal call option for the counterpart) on the sale of 20% equity investments in AutoXY S.p.A. related to the business combination of the DriveK business unit sale. Details of what the Board of Directors considers to be the main financial risks facing the Company are set out within the 'Principal Risks and Uncertainties' section on page 44. For details regarding the financial risks please refer to Note 8 of the Consolidated Financial Statements – financial instruments – risk management.

Risk appetite

MotorK recognises that the management of risk requires a level of commerciality to enable the business to meet its joint strategic objectives of protecting stakeholder interests whilst creating stakeholder value. The Board therefore takes responsibility for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives.

Risk relating to the seasonality of the Group's operating results

The Group's results of operations may be slightly affected by seasonal and cyclical factors in the automotive market. Such fluctuations in dealership sales may lead to lower sales volumes for the Group in specific months during summer and winter, and a sales peak in the last quarter of the year. From a cash perspective, the seasonality risk is naturally mitigated by our business model, based on a SaaS products offering, which improves the stability of our cash inflow. From a revenue and EBITDA perspective, due to the significant increase of the weighting of the portion of SaaS platform revenue recognised at a point in time, commercial peaks in the automotive market may have a slight impact on the seasonality of the Group's operating results.

Risk relating to interest rate changes

The Group is exposed to risks associated with changes in variable interest rates, as certain of its credit facilities may bear interest at a floating rate. An increase or decrease in interest rates would affect the Group's current interest expenses and the Group's refinancing costs; however, this is not considered to be material. Interest rate risk may be mitigated against, in part, by the Group entering into hedging transactions in the form of derivative financial instruments, although such transactions are not risk-free. During FY2023 no hedging derivatives have been entered by the Group.

Risks of possible non-compliance with laws and regulations

The Company is exposed to risk of non-compliance with laws and regulations in a number of areas including taxes, financial supervision rules and competition rules.

As relates to taxes, the Group is generally making net operating income tax losses, which mitigates the risk of incurring fines and penalties due to non-compliance. More in general, the Group is assisted by tax professional firms to ensure tax compliance in all the countries where the Group operates.

As a listed company, we are subject to financial supervision by the Dutch authority (AFM). Our legal department overseas the compliance with the regulatory framework, assisted by law firms and using appropriate tools to manage specific processes like the whistleblowing and internal dealing.

The market where we operate is highly fragmented and management believes that the infringement of competition rules is inherently low. In case of extraordinary situations like M&A, management runs appropriate assessment during the due diligence phase.

GREENHOUSE GAS (GHG) EMISSIONS

Due to the nature of MotorK's business, direct ecological impact in terms of GHG emissions, energy consumption and energy efficiency from our operations are mainly related to the consumption of electricity in the Group premises. Indirect ecological impacts are related mainly to the cloud services provided by our external suppliers and by the business travel of MotorK employees. During 2023, MotorK continued to offer employees the option of working remotely. Due to this, GHG emissions, energy consumption and energy efficiency data relating to the Group's operations, our offices and staff travel are not significant for the year ended 31 December 2023 and not reported in the Annual Report. The Company has also updated the internal Travel and Car policy with the aim to reduce the GHG emissions. The Board of Directors recognise that the Group has a corporate and social responsibility to minimise the ecological impact from our operations and looks forward to establishing a more formalised approach to sustainability in the future.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

For a detailed analysis of the Group's engagement with its various stakeholder groups, please refer to the 'Stakeholder Engagement and S172 Statement' section on pages 35–36.

EMPLOYEES NON-DISCRIMINATION AND HARASSMENT

The Company seeks to foster a diverse, inclusive work environment where all ideas, perspectives and backgrounds are considered. Employees are hired on the basis of objective criteria (such as knowledge, expertise, proven qualities, performance and behaviour). No employee should face discrimination on the basis of race, colour, sex, sexual orientation, marital status, religion, political affiliation, nationality, ethnic background, social origin, age, disability, works council membership or any other way.

RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Annual Report and Financial Statements.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and also in accordance with UK-adopted IAS.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group, and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRS have been followed, subject to any material departures disclosed and explained in the Group and Company financial statements respectively; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group, and to enable them to ensure that the financial statements and the Directors' Remuneration Report complies with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic Report and the Directors' Report, and other information included in the Annual Report and Financial Statements, are prepared in accordance with applicable law in the United Kingdom and the Netherlands.

As at the date of this report, the Directors, whose names and functions are listed in the Board of Directors Report on pages 60–61, confirm that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all the steps that he or she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

GOING CONCERN

In preparing the financial statements, management has applied the going concern principle based on its assessment of the Company's ability to continue as a going concern. In making such an assessment, management has considered the cash injection achieved in the first month of FY2024 due to the capital rise of €12.3 million and the new tranche of the ATEMPO loan for €5 million, the expectation of the Company's future performance and the excellent results in terms of growth during 2023.

Management has prepared a three-year Business Plan covering the period between 2024 and 2026 (that includes inflation assumptions on salaries) showing that the Company has the resources to cover its financial need for the foreseeable future. As per the Business Plan, during FY2024 it is forecasted to burn a certain amount of cash so that cash and cash equivalents at year end 31 December 2024 will land in a positive territory with last quarter of FY2024 and FY2025 showing a stabilisation towards cash flow breakeven. Management is also currently under discussion to obtain further flexibility on cash needs with the use of some instruments to finance working capital. Such instruments will ensure that even a worst case scenario of a 10% reduction in recurring billings during the year, as shown in the sensitivity analysis, will have limited impact on the Group's cash position to 12 months from approval date of the accounts, with no substantial effect on going concern assessment.

Doing the going concern assessment management has also considered the potential impacts of the conflict between Russia and Ukraine, the conflict in Israel, the inflation rate, the increase of commodities prices and of cost of living in the markets where the Group operates. Such elements have been taken into account and reflected in the aforementioned Business Plan. Due to the nature of MotorK and key digital supplier of our customers, management concluded that such elements do not have a significant impact on going concern assessment.

AUDITORS

BDO LLP has signified its willingness to continue as independent auditors to the Company.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and Financial Statements are made available on a website. Financial statements are published on the Group's websites, in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's websites is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

POST BALANCE SHEET EVENTS

On 5 February 2024, the Group successfully executed a reserved capital increase of €12.3 million. The participants in this strategic round included 83North, Lucerne, PROCAR Automobile and Anfield Ltd. Such reserve resulted in the issue of 4,088,388 new ordinary shares. In addition, these newly issued shares will be subject to a 6-month lock-up period, underlining the investors' long-term vision and dedication to the Group's success.

On 4 March 2024 the above-mentioned capital injection has been strengthened with a top-up of €5 million loan tranche from Atempo Growth, building on the initial €5 million loan facility agreement secured in October FY2023.

As such, the combined €17.3 million of new acquired liquidity provides operational flexibility, smoothing the path to profitability forecasted for FY2024.

This strategic step underscores the collective confidence of both existing and new investors in MotorK's potential, solidifying their collaborative commitment to the Group's sustained growth and ongoing success.

Following the negative Adjusted EBITDA reported for the year ended as at 31 December 2023 and, in the context of the €5 million top-up obtained from Atempo Growth, MotorK has obtained from Illimity Banks the waiver of testing the financial covenants in place as at 31 December 2023. The first testing date will be then 31 December 2024.

On 8 January 2024, the shelf company DriveK Italia S.r.l., created as a potential vehicle for the selling of the business DriveK and then not used due to the different structuring followed in the operation, has wound up. The value of the assets of such Company amount to roughly €3 thousand and therefore the wind-up has not affected the assets of the consolidated financial statements as at 31 December 2023.

RESEARCH AND DEVELOPMENT

During the year ended 31 December 2023, the Group has incurred R&D expenses for an amount of €14.5 million (€14.3 million in 2022), of which €9.3 million capitalised (€8.7 million in 2022).

APPROVAL BY THE BOARD OF DIRECTORS

The report of the Directors was approved by the Board of Directors on 15 April 2024 and signed on 16 April 2024 on its behalf by:

Marco Marlia
Chief Executive Officer
16 April 2024

and

Andrea Servo
Chief Financial Officer
16 April 2024

REMUNERATION COMMITTEE REPORT

In 2023, we worked to ensure that the remuneration model for Board members remains competitive, incentivised and proportionate.

SECTION ONE: STRUCTURE OF THE REMUNERATION COMMITTEE REPORT

In line with the requirements of the UK reporting regulations and the applicable provisions of the Dutch Governance Code, this report is divided into three sections:

1. This Annual Statement: summarising the work of the Remuneration Committee (the Committee) and our approach to Directors' remuneration.
2. The Directors' Remuneration Policy (the Policy): summarising the framework under which Directors' pay is set and how it links to strategy. The Policy has been approved further to a shareholder vote (by way of ordinary resolution) at the 2022 AGM.
3. The Annual Report on Remuneration (the Report), which sets out the remuneration outcomes for 2023 and how, subject to shareholder approval, the Committee applied the Policy in 2023. This section will be subject to an advisory shareholder vote at the AGM.

The Committee is chaired by Måns Hultman (an Independent Non-Executive Director) and its other member is Amir Rosentuler.

I am pleased to present the Directors' Remuneration Report on behalf of the Board

During 2023, the Committee worked to apply the Policy in line with the relevant corporate governance requirements with the aim of ensuring competitiveness, alignment, incentivisation and proportionality.

The Policy has been designed to provide a remuneration framework that will:

- deliver fair, responsible and transparent remuneration, contributing to creating long-term value by the Company for its stakeholders;
- attract, motivate and retain highly qualified individuals and reward them with a market competitive remuneration package that focuses on achieving sustainable financial results, aligned with the long-term business strategy of the Company;
- align the interests of the Directors with the Company's shareholders and other stakeholders; and
- adhere to principles of good corporate governance and appropriate risk management, whilst ensuring compliance with competitive market trends and statutory requirements, in respect of the societal context around remuneration and the interests of the Company's shareholders and other stakeholders.

After implementing in the prior year the Policy for its Executive Directors and Non-Executive Directors consistently with overarching regulatory requirements and statements set out in the Company's 2021 IPO Prospectus, in 2023 the Committee worked at fine tuning the application of the policy and adapt to the evolution of the business demands and of the strategy, details of which are further set out in the Policy.

MotorK has delivered another successful year of growth. As a Committee, we have sought to make decisions that effectively drive and support growth, whilst continuing to align with best practice remuneration and governance expectations pursuant to the requirements of the UK reporting regulations and the Dutch Governance Code.

I hope that this report is clear and informative.

Måns Hultman
Chair of the Remuneration Committee

SECTION TWO: DIRECTORS' REMUNERATION POLICY

(a) Introduction

The Committee determines the Company's policy on the structure of the remuneration of Executive Directors and the Executive Management Team, and is responsible for governing the remuneration policy for the broader employee population.

Procedure

The following summarises the Policy, which codifies our existing principles as previously communicated to potential investors pre-listing. This Policy was approved by the Company's shareholders at the AGM on 28 April 2022. The Policy applies to payments made after that date and is available on the Company's website.

It is intended that the Policy will apply for three years starting from its approval at the 2022 AGM. In light of the Committee's efforts to review the Policy to ensure it allows the Committee to offer an appropriate and balanced remuneration package that reflects the size and complexity of the Group, the Executives' experience, skills and responsibility in the Group as well as market practice, the Committee may seek approval for a new policy at an earlier point if considered appropriate.

When reviewing the Policy, the Committee uses scenario analyses to recognise the different outcomes of the Policy, by taking into account elements such as internal pay differentials and maximum pay-out of annual bonuses and long-term incentives.

Compliance

The Policy is compliant with the relevant requirements of UK company law, as well as in principle with the rules of the Dutch Governance Code, which the Company applies voluntarily.

Principles

The objectives of the Policy are to:

- reward Executive Directors and senior management and support a performance-driven culture;
- provide a level of remuneration to attract, motivate and retain high-calibre employees and reward them with a market competitive remuneration package;
- encourage long-term value creation and support the execution of the Company's strategic and operational objectives;
- motivate individuals and align interests of the Executive Directors with the Company's shareholders and other stakeholders; and
- adhere to principles of good corporate governance and appropriate risk management.

The Board of Directors and the Committee believe the aforementioned objectives are best achieved by a remuneration structure whereby:

1. basic pay is set at a level such as to support the recruitment and retention of Executive Directors of the calibre required to implement the Group's business strategy and is reflective of the individual's skills, experience, performance and role within the Group;
2. STIP are set at a level such as to incentivise year-on-year delivery of short-term financial, strategic and operational objectives in furtherance of the Group's business strategy and creation of shareholder value;
3. LTIP are put in place to align the interests of the Directors and shareholders of the Company concerning long-term value creation, providing an avenue through which the Company's executives can earn significant rewards subject to shareholders likewise having obtained a good return; and
4. benefits are provided to executives on a cost-effective basis to aid attraction and retention of Executive Directors.

Illustration of the application of the remuneration policy

Based on the Policy terms described in the next sections, the following charts illustrate the application of the Policy in different scenarios ranging from no to target achievement of the STIP and LTIP targets and conditions, in combination with LTIP shares appreciation over the relevant period ranging from zero to fair value at grant date to 50% increase. The charts are based on the remuneration and on the share value at the time the Policy was adopted.

Salary levels (and consequently the other elements of the remuneration package which are calculated as a percentage of salary) are based on those intended to apply in 2023.

The LTIP grant level is shown as 68% of the base salary for the CEO and 33% for the Executive Chairman, in line with the actual grant for the year 2023.

Illustration of the application of the policy – CEO

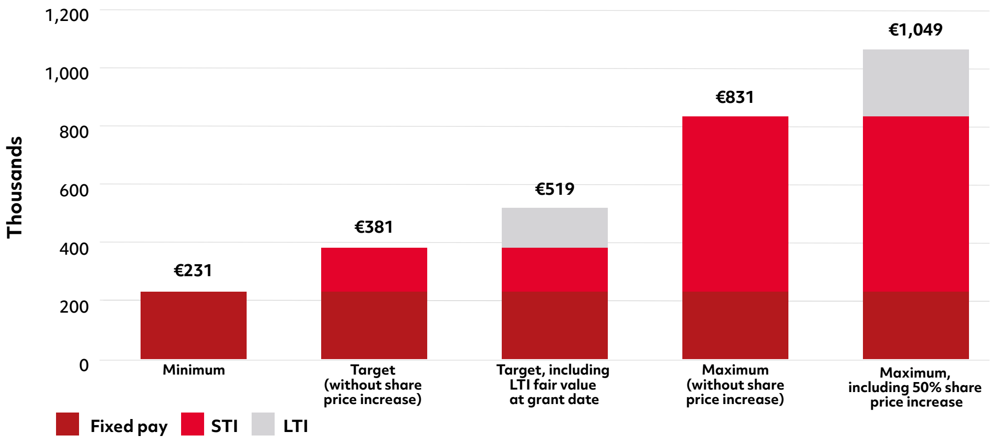
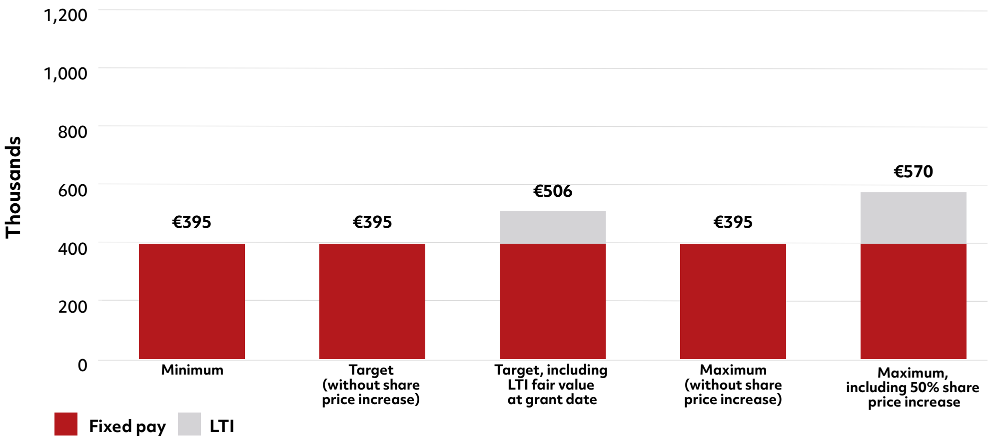


Illustration of the application of the policy – Executive Chairman



(b) Remuneration components for Executive Directors and Executive Management Team (Executives)

In line with the above principles and objectives, various remuneration components are combined to ensure an appropriate and balanced remuneration package comprising the following elements:

- Fixed remuneration (base salary, benefits and pension).
- Short-term incentive (performance-based cash bonus).
- Long-term incentive (conditional equity-based award that vests based on performance).

Base salary	**Purpose and link to strategy**	To support the recruitment and retention of talented Executives to deliver the Group's strategy by offering a package that is reflective of the individual's skills, experience and responsibility in the Group, whilst remaining competitive in relevant talent markets.
	Operation	Base salaries are set by the Committee and reviewed on an annual basis. Base salaries are paid in cash on a monthly basis. Base salary levels are targeted at market rates and benchmarked periodically against an appropriate peer group of other companies of a similar financial size and complexity to MotorK.
	Opportunity	Any changes for Executives take into account the individual's skills, experience and performance, significant changes in responsibilities, together with market practice and MotorK's performance and pay practices. The maximum level of basic salary will not be greater than the current salary as increased, typically in line with the market. If an individual is appointed at a lower salary, for example, to reflect inexperience as a listed company director, larger increases may be awarded over future years as they prove their capability.
	Performance measures	N/A
Pension and benefits	**Purpose and link to strategy**	Provides an appropriate structure of benefits on a cost-effective basis to aid attraction and retention of Executives.
	Operation	Benefits include provision of death, disability and medical insurance cover, Directors' liability insurance, pension contributions, company car and IT equipment.
	Opportunity	Dependent on individual circumstances and the cost to the Company of providing the benefit. The Company provides access to pension schemes based on local legal requirements or where provision is customary in a particular local market. Employer pension contributions to Executives under the defined contribution arrangement and cash allowances in lieu of pension are made at the minimum level required by law or best practice in the relevant jurisdiction.
	Performance measures	N/A
STIP	**Purpose and link to strategy**	To provide Executives with a reward for delivery of short-term financial, strategic and operational objectives.
	Operation	Executives may be eligible to participate in a discretionary short-term incentive scheme (every six months or annually). The Committee oversees the setting of suitable short-term targets and performance measures.
	Opportunity	The maximum STIP opportunity under this Policy is 300% of base salary. Performance below the threshold for each financial target results in zero payment in respect of that element. Payment rises from 0% to 100% of the maximum opportunity for levels of performance between threshold and maximum with 75% of base salary normally payable for on-target performance.
	Performance measures	Subject to the achievement of certain targets relating to financial (including, but not limited to, revenues or adjusted EBITDA achievements) or operational (including, but not limited to, customer satisfaction, geographical expansion, M&A execution) KPIs, depending on the role.

LTIP	**Purpose and link to strategy**	To align the interests of Executives and shareholders in growing the value of the Group over the long term.
	Operation	LTIP grants are intended to be made annually and consist of Performance Stock Options (although Conditional Share Awards may also be used). These Performance Stock Options will vest over three years in three equal tranches, to the extent the performance conditions are satisfied. The exercise price of the Options will be equal to the market value of a share in the Company as at the date the Options are granted (potentially averaged over a short period pre-grant). Once exercisable, Options may be exercised until the 10th anniversary of the date of grant. Shares acquired pursuant to the exercise of Options will be subject to a holding period which expires on the fifth anniversary of the date the Option was granted, during which they may not be disposed of (save to cover any tax or social security liabilities which arise on the acquisition of the shares). The Committee retains flexibility, consistent with the rules of the LTIP, to grant Performance Share Awards. Any Performance Share Awards will vest over three years in three equal tranches, but shares will only become eligible to be acquired by participants to the extent the performance conditions are satisfied. The same holding period would apply as applies to Performance Stock Options. Malus and clawback provisions apply (see details below).
	Opportunity	The number of Performance Stock Options to be granted and the recipients and quantum will be determined by the Board or Remuneration Committee. The maximum value of Performance Stock Options which may be granted to an Executive Director in any particular financial year is equivalent to 720% of their base salary as at the date of grant. Should the Committee decide to grant Performance Share Awards, the maximum value of Performance Share Awards which may be granted to an Executive Director in any particular financial year is equivalent to 300% of their base salary as at the date of grant. If a combination of Performance Share Awards and Performance Stock Options is granted, the maximum value would be between 300% and 720% of base salary as at the date of grant, adjusted in proportion to the type of award granted. The Committee has the discretion to adjust the formulaic outcome to ensure it reflects the underlying performance of MotorK. A payment equivalent to the dividends accrued on vested shares may be paid at the point of vesting (or in the case of options, exercise) in shares or cash.
	Performance measures	Vesting of LTIP awards is subject to the achievement of performance conditions as outlined below. Each of the performance conditions separately determines part of the vesting of the LTIP award. The relative weighting of the performance conditions may be varied by the Committee to ensure the LTIP best supports MotorK's strategy. The Committee will have discretion to set measures and weightings for awards to best support the strategy of the business at that time, provided that the vesting of at least 80% of the LTIP award will be subject to financial-based performance conditions.

Selection of performance targets

The performance-related elements of remuneration will take into account the Group's risk policies and systems and will be designed to align the Senior Executives' interests with those of shareholders. The Committee reviews the metrics used and targets set for all of the Group's senior executives (not just the Executive Directors) every year, in order to ensure that they are aligned with the Group's strategy and to ensure an appropriate level of consistency of arrangements amongst the Senior Executive Team.

All financial targets will (where appropriate) be set on a sliding scale. Non-financial targets are set based on individual and management team responsibilities. The annual bonus plan performance metrics include a mix of financial targets and non-financial objectives, reflecting the key annual priorities of the Group. The financial metrics include Total Shareholder Return (TSR), which was chosen as it provides an external assessment of the Company's performance against a peer group. TSR also aligns the rewards received by Executives with the returns received by shareholders.

The non-financial objectives will be measurable and based on individual and/or team performance and will be consistent with the achievement of the Group's strategy.

The Committee retains discretion to set targets for future awards, providing that, in the opinion of the Committee, the new targets are no less challenging in light of the prevailing circumstances than those set previously.

Loans

The Company does not provide any loans or guarantees to Executive Directors and the Executive Management Team.

(c) Service agreements and policy on payments for loss of office

Executive Directors are appointed at the AGM for the duration of four years. The terms of service may be terminated by the Executive Director with a notice period of six months and by the Company with a notice period of six months or with the applicable statutory notice period. In case the Company terminates the service agreement of an Executive Director (other than in cases of summary dismissal), the Executive Director may be entitled in exceptional circumstances to a severance payment of up to one year's base salary.

Leaver arrangements

The Company takes into account the terms of service including the variable remuneration plan rules, market practice and the conduct of the individual when determining leaver arrangements. In addition to the severance payment mentioned above, a leaving Executive Director may be eligible to retain or receive value under their variable remuneration awards, in accordance with the plan rules.

Under the LTIP and the STIP, an Executive Director will be treated as a 'good leaver' if he or she leaves due to death, injury, disability, retirement with the agreement of the Board, redundancy, a transfer of the business unit in which he or she is employed to a third party, circumstances in which the Group company by which he or she is employed ceases to be controlled by the Company, or such other reason as the Committee may in its discretion decide.

STIP	If the executive qualifies as a 'good leaver', the individual may remain eligible for an STIP pay-out with respect to the year of termination on a pro-rated basis and is payable after the end of the financial year.
LTIP	Unvested LTIP awards normally lapse on termination of the service agreement, however if the executive qualifies as a 'good leaver': ■ Vesting of the LTIP is subject to the application of the performance measures at the end of the normal vesting period and will be on a pro-rated basis. ■ Vested awards will remain subject to a two-year holding period.

Change of control

In the event of a change of control of the Company:

- Payments under the Annual Bonus plan are calculated on a pro-rated basis and are subject to the application of the performance measures.
- Vesting of the LTIP is subject to the application of the performance measures at the date of the event and will normally be on a pro-rated basis.

Upon a change of control of the Company, the plans will automatically terminate and no further awards will be made.

Outplacement services and legal fees and reimbursement of legal costs may be provided where appropriate. Any statutory entitlements or sums to settle or compromise claims in connection with a termination would be paid as necessary.

The term of appointment for Non-Executive Directors is four years and their appointments are subject to termination on four months' notice other than in cases of summary dismissal. If their position is terminated, they are entitled to reimbursement of any outstanding fees and expenses.

(d) Malus and Clawback Policy

LTIP awards may be recovered or reduced in cases of fraud, dishonesty or deceit, gross misconduct, conduct which resulted in significant losses to a Group company, a material failure of risk management or other corporate failure, a serious health and safety event or a material financial misstatement in the audited financial results of the Group. The Committee may apply malus (revise incentive awards prior to vesting) and clawback (reclaim incentive awards post vesting) to reduce an award or determine that it will not vest or only vest in part.

Clawback may operate during the period of two years from the date an LTIP award pays out.

(e) Use of discretion

The Committee may apply its discretion in the execution of the remuneration policy or related incentive plans when agreeing remuneration outcomes to help ensure that the implementation of our remuneration policy is consistent with underlying Company performance and is equitable to all stakeholders.

If an event occurs which results in the annual bonus plan or LTIP performance conditions and/or targets being deemed no longer appropriate by the Committee (e.g. a material acquisition or divestment), the Committee will have the ability to adjust appropriately the measures and/or targets and alter weightings, provided that the revised conditions or targets are not materially less difficult to satisfy (taking account of the relevant circumstances).

Ultimately, the payment of any bonus is entirely at the discretion of the Committee. Equally, the operation of share incentive schemes is at the discretion of the Committee.

(f) Approach to recruitment remuneration

Executive Directors' base salary is set at a level appropriate to recruit a suitable candidate, taking into account external market competitiveness and internal equity. The level of base salary may initially be positioned below the mid-market of the relevant benchmark, with the intention of increasing it to around the mid-market of the relevant benchmark after an initial period of satisfactory service.

Individuals will be able to receive a contribution to a pension plan in line with the policy.

The Committee will offer benefits in line with the policy for existing Executive Directors (but may consider other benefits from time to time, including relocation expenses).

The Company's policy is to give notice periods according to the applicable statutory notice period and in any case no longer than six months.

(g) Non-Executive Directors' Remuneration Policy

The purpose and strategy of the Company's Non-Executive Directors' Remuneration Policy is to provide a competitive fee, which will attract and retain high-calibre individuals and reflects their relevant skills and experience.

Fee levels for each role are determined after considering the responsibility of the role, the skills and knowledge required and the expected time commitments are reviewed periodically considering the salary increase for the general workforce and the level of fees paid by companies of a similar size and complexity.

Additional fees may be paid in relation to extra responsibilities undertaken and in exceptional circumstances, if there is a temporary yet material increase in the time commitments for Non-Executive Directors.

The Company pays any reasonable expenses that a Non-Executive Director incurs in carrying out their duties as a Director, including travel, Directors' and Officers' Liability Insurance, hospitality related and other modest benefits, any tax liabilities thereon and the provision of advice relating to any such tax liabilities, if appropriate.

(h) Consultation and existing commitments

The Company and the Group may honour all obligations and commitments that were entered into prior to this Directors' Remuneration Policy taking effect. The terms of those pre-existing obligations and commitments may differ from the terms of this Remuneration Policy and may include (without limitation) obligations and commitments under service contracts, long-term incentive schemes (including previous plans), pension and benefit plans.

Although employees are not consulted directly on Executive Directors' Remuneration Policy, the Committee takes into account the pay and employment conditions of other employees in the Group when setting the remuneration of the Executive Directors.

The remuneration approach is applied consistently at levels below the Executive Directors. At senior levels, remuneration is increasingly long term and 'at risk' with an increased emphasis on performance-related pay and share-based remuneration.

Chairman's and Non-Executive Directors' Letters of Appointment

The following table provides details of the terms of appointment for the Chairman and the current Non-Executive Directors:

Director	Date of appointment	Expected expiry date of current term
Amir Rosentuler (Chairman)	11 June 2021	End of the AGM to be held in 2025
Måns Hultman (Non-Executive)	22 August 2016	End of the AGM to be held in 2024
Laurel Charmaine Bowden (Non-Executive)	11 May 2023	End of the AGM to be held in 2027
Mauro Pretolani (Non-Executive)	22 August 2016	End of the AGM to be held in 2024

SECTION THREE: DIRECTORS' REMUNERATION REPORT

Directors' emoluments and compensation

Set out below are the Directors' emoluments for the year ended 31 December 2023 and the year ended 31 December 2022: including the fees related to their roles and responsibilities within the Audit Committee, Remuneration Committee and Selection and Nomination Committee. Directors' emoluments reported below may not be totally paid as of 31 December 2023.

Name of Director	Salary and fees (Euro)	Taxable benefits (Euro)	Pension-related benefits (Euro)	Total fixed remuneration	Annual bonus (Euro)	Stock Options Granted (Euro)	Total variable remuneration	Total 2023 (Euro)
Amir Rosentuler	334,108[1]	–	60,430[2]	394,538	–	192,183[3]	192,183	586,721
Marco Marlia	200,000	4,280	26,596	230,876	75,000	103,819[4]	178,819	409,695
Laurel Charmaine Bowden	–	–	–	–	–	–	–	–
Måns Hultman	37,500	–	–	37,500	–	–	–	37,500
Mauro Pretolani	42,500	–	–	42,500	–	–	–	42,500

1 It includes the remuneration of ILS 1,283,216 translated with the average exchange rate 2023 3.99 Euro/ILS paid by MotorK Israel and the fees related to its roles and responsibilities within Remuneration Committee and Selection and Nomination Committee for €12,500.
2 ILS 241,116 translated with the average exchange rate 2023 3.99 Euro/ILS.
3 140,955 option evaluated with FV determined on the basis of Black-Scholes method of €0.77 and 74,025 option was evaluated with FV determined on the basis of Black-Scholes method of €1.13. 74,025 is the total option granted net of 24,675 lapsed option as one out of the two performance conditions set for such grant was not met.
4 91,875 shares evaluated with FV determined on the basis of Black-Scholes method of €1.13. 91,875 is the total option granted net of 30,625 lapsed option as one out of the two performance conditions set for such grant was not met.

Name of Director	Salary and fees (Euro)	Taxable benefits (Euro)	Pension-related benefits (Euro)	Total fixed remuneration	Annual bonus (Euro)	Stock Options Granted (Euro)	Total variable remuneration	Total 2022 (Euro)
Amir Rosentuler	356,423[1]	–	57,110[2]	413,533	–	–	–	413,533
Marco Marlia	200,000	4,369	24,526	228,895	75,000	133,994[3]	208,994	437,889
Laurel Charmaine Bowden	2,500[4]	–	–	2,500	–	–	–	2,500
Måns Hultman	37,500	–	–	37,500	–	–	–	37,500
Mauro Pretolani	42,500	–	–	42,500	–	–	–	42,500

1 It includes the remuneration of ILS 1,205,222 translated with the average exchange rate 2022 3.53 Euro/ILS paid by MotorK Israel and the fees related to its roles and responsibilities within Audit Committee, Remuneration Committee and Selection and Nomination Committee for €15,000.
2 ILS 201,600 translated with the average exchange rate 2022 3.53 Euro/ILS.
3 174,018 shares evaluated with FV determined on the basis of Black-Scholes method of €0.77.
4 In April 2024, the director Laurel Charmaine Bowden waived the emoluments matured in FY2022 as a member of the Audit Committee.

Annual bonus

The objective of the annual bonus remuneration component is to ensure that the Executive Directors focus on realising their short-term operational objectives, leading to longer-term value creation.

Following the admission of the Company's shares to Euronext Amsterdam, between the Directors of the Company, only the Chief Executive Officer participated in the annual bonus scheme and was eligible to earn an award of up to 75% of salary, subject to the attainment of specific performance targets to be defined by the Board of Directors upon a proposal of the Committee. The table below summarises the bonus earned for the year:

Name of Executive Director	Bonus for 2023	Bonus for 2022
Marco Marlia	75,000	75,000

Scenario analyses of the possible outcomes of the variable remuneration element of the annual bonus described above and its effect on the remuneration of the CEO were conducted at the point of award. No other scenario analyses have been undertaken by the Committee during the year ended 31 December 2023.

Pension

During the year ended 31 December 2023, Marco Marlia received pension contributions of €26,596 and Amir Rosentuler received pension contributions of €60,430.

Payments to past Directors

No payments were made to past Directors during the year ended 31 December 2023.

Payments for loss of office

No payments for loss of office were made during the year ended 31 December 2023.

Long-term incentives

EMI Share Option Plan the "Original Share Option Plan"

In October 2021, with a number of years having elapsed since the original scheme was put in place, the "Original Share Option Plan", an amended version of the Group share option scheme (the EMI Share Option Plan), was designed and implemented by the Company in anticipation of the listing of the Company's shares. The EMI Share Option Plan allows for options to be issued over ordinary shares, up to a maximum market value of €3 million at the time of grant.

The option exercise price will usually be at fair market value of the shares at the time of grant. Total options were awarded under the EMI Share Option Plan on admission of the Company's shares to Euronext Amsterdam equal to approximately 0.5% of the number of ordinary shares in issue at the time, with an exercise price of €0.337 per share. The initial option awards have no performance conditions and vest over a four-year period starting from the day of listing.

Following these grants, the Company has a total of 285,201 unvested options in issue pursuant to the Original Share Option Plan and the EMI Share Option Plan, equating to approximately 0.7% of the issued share capital as at 31 December 2023.

Omnibus Long Term Incentive Plan the "Omnibus LTIP" or "LTIP"

In October 2022, a new share-based Long Term Incentive Plan, the "Omnibus LTIP", was adopted by the Board of Directors further to the approval by the shareholders of the Remuneration Policy. The Omnibus LTIP envisages various types of share-based incentives that can be granted to employees (including Executive Directors) of the Company and its subsidiaries. The terms of the Omnibus LTIP are in line with the remuneration policy.

Further to adoption of the Omnibus LTIP, between December 2022 and January 2023, the Board of Directors awarded performance stock options to Executive Directors, executive management and to all other eligible employees. The exercise price was set at the share market value at grant, ranging between €1.21 and €1.895. The options will vest over a three-year period and the shares awarded further to exercise of the options will be subject to a five-year holding period starting from the grant date.

Between February 2023 and December 2023, the Board of Directors awarded another tranche of performance stock options to Executive Directors, executive management and to all other eligible employees. The exercise price was set at the share market value at grant, ranging between €2.37 and €2.79.

Within the frame of the grants to Executive Directors and Executive Management, the Board of Directors has made use of some discretion within the limits allowed by the Remuneration Policy. The most notable concerned aspects were the exercise schedule, that is set in three equal instalments over the three-year vesting period instead of in full at the end of it and the performance conditions. Stock options granted between December 2022 and January 2023 are 100% linked to ARR growth of at least 25% in 2023. Stock options granted between February 2023 and December 2023 are 75% linked to ARR growth of at least 30% over the estimated 2022 EOY ARR to be achieved by 30 June 2024 and 25% lined to Reported cash EBITDA for FY2023 to be equal or higher than -€10 million. Such second performance condition has not been met and therefore 25% of options related to such grant have been lapsed. The value of the grants to the Executive Directors, based on the market values at the grant date, were below the salary limits set in the remuneration policy in respect of long-term incentives. Such performance condition has been met during FY2023.

Following these grants, the Company has a total of 1,194,729 unvested options in issue pursuant to the Omnibus LTIP, equating to approximately 2.9% of the issued share capital as at 31 December 2023.

Directors' interest in shares

The interests of each person who was a Director of the Company (together with interest held by his or her connected parties) were:

Name of Director	Number of shares at 31 December 2023	Number of shares at 31 December 2022	Unvested share options at 31 December 2023	Vested, unexercised share options at 31 December 2023	Options exercised in the period 2023
Amir Rosentuler	120,000	120,000	167,995	1,310,964	–
Marco Marlia	5,481,580	5,481,580	207,887	58,006	–
Laurel Charmaine Bowden	–	–	–	–	–
Måns Hultman	–	–	–	–	–
Mauro Pretolani	138,400	138,400	–	–	–

The option awards held by each Director during the financial year ended 31 December 2023 and 2022 are as follows:

Name of Director	Number at 1 January 2023	Granted in the period 2023	Exercised in the period 2023	Number at 31 December 2023	Exercise price (€)	Vesting period/date
Marco Marlia	174,018	–	–	174,018	1.64	Three years starting from November 2022
Marco Marlia	–	91,875[1]	–	91,875	2.37	Three years starting from June 2023
Amir Rosentuler	1,263,979	–	–	1,263,979	0.01	November 2021[2]
Amir Rosentuler	–	140,955	–	140,955	1.21	Three years starting from January 2023
Amir Rosentuler	–	74,025[3]	–	74,025	2.37	Three years starting from June 2023

1 91,875 is the total option granted net of 30,625 lapsed option as one out of the two performance conditions set for such grant was not met.
2 Mr. Rosentuler was awarded 1,383,979 options pursuant to the EMI Share Option Plan all of which vested immediately prior to the Company's initial public offering. On 5 November 2021, Mr. Rosentuler exercised 120,000 of his vested options and subscribed for 120,000 ordinary shares of €0.01 each in the Company. From 31 December 2021, Mr. Rosentuler held 1,263,979 vested but unexercised stock options.
3 74,025 is the total option granted net of 24,675 lapsed option as one out of the two performance conditions set for such grant was not met.

Name of Director	Number at 1 January 2022	Granted in the period 2022	Exercised in the period 2022	Number at 31 December 2022	Exercise price (€)	Vesting period/date
Marco Marlia	–	174,018	–	174,018	1.64	Three years starting from November 2022

Total Shareholder Return performance

The Committee has considered the requirement for a performance graph comparing the Company's TSR with that of a comparable indicator. The Committee does not currently consider that including the graph will be meaningful because the Company only listed in November 2021 and has not declared a dividend for the years ended 31 December 2022 and 2023. In addition, the remuneration of the Executives is not currently linked to TSR.

Annual percentage change in remuneration of Directors and employees and internal pay ratio

The table below shows the percentage change in salary, taxable benefits and annual bonus set out in the figures of remuneration tables paid to each Director in respect of the 2022 and 2023 financial years compared to that of the average pay of all employees of the Group:

Director	Salary/fees % change	Benefits % change	Annual bonus % change
Amir Rosentuler	(6%)	–	–
Marco Marlia	–	(2%)	–
Laurel Charmaine Bowden	(100%)	–	–
Måns Hultman	–	–	–
Mauro Pretolani	–	–	–
Average all employees	(26%)	198%	(41%)

The internal pay ratio is calculated based on the average 2023 remuneration of all Group employees vis-à-vis the 2023 remuneration of the CEO. The internal pay ratio for the year 2023 was 5.70 (4.24 in 2022) for the Chief Executive Officer, Marco Marlia.

Relative importance of spend on pay

The chart below shows the difference in actual expenditure between 2022 and 2023 on personnel costs adjusted for all employees, in comparison to investments for future growth in R&D and M&A chosen as a significant benchmark for this analysis due to its relevance for the strategic plans of the Group.

To date, no dividend has been paid by MotorK and there is no intention to pay a dividend at this stage as all monies are being retained in the business for future investment.

Investments for future growth[1]	Personnel costs
€0.6 million	+€4.3 million
(+7%)	+14.4%
2023: €9.4 million	2023: €34.2 million
(2022: €8.8 million)	(2022: €29.9 million)

1 It is calculated as the amount of cash flow from investing activities – R&D reported in the Group cash movements for the year included in the Financial and Operating Review section.

As the Directors have not recommended a dividend for 2023 or 2022, the Directors do not consider it helpful to the interpretation of the relative importance of spend on pay data to include dividend data in the above chart.

Statement of implementation of remuneration policy in the following financial year

Salary

The Committee will keep the level of salaries paid to its employees and Executive Directors under close review and will set it at such a level in order to help achieve the overall objectives of the Policy and generate long-term value for the Company and its shareholders through increased performance. Increases to salaries, if deemed appropriate by either the Committee or employees discharging managerial duties within the Group, will be determined and communicated to employees on an individual basis.

Annual bonus

The CEO will be eligible to earn an annual bonus of up to 75% of base salary in line with the previous year in case the targets assigned are 100% achieved.

LTIP

The Committee will make awards to the Executives within the MotorK Plc Omnibus LTIP adopted by the Board on 18 October 2022. Currently, with reference to grants awarded between December 2022 and January 2023 the Committee decided to utilise one performance conditions – ARR growth of at least 25% in 2023. With reference to grants awarded between February 2023 and December 2023 two performance conditions have been set up: the first for 75% of the grant will be based on a Committed ARR achievement and the second for the remaining 25% of the grant will be based on Cash EBITDA. The Committee reserves the right to change such performance conditions as long as the revised conditions meet the requirements of the Omnibus LTIP.

Non-Executive Directors' remuneration

The Board has reviewed the Non-Executive Directors' fee structure and has agreed a specific rate card based on the roles and responsibilities of the Directors (see table below – annualised amounts, to be paid out proportionately to the actual length of tenure in the year) to take effect from the listing of the Company on 5 November 2021. Please refer to the table below for Directors' emoluments in FY2023 (and comparative data as at 31 December 2022:

Role – FY2023	Laurel Charmaine Bowden (Euro unit)	Måns Hultman (Euro unit)	Mauro Pretolani (Euro unit)
Chairman	–	–	–
Non-Executive Director basic fee	–	30,000	30,000
Additional fees	–	7,500	12,500
Chairman of the Audit Committee	–	–	7,500
Chairman of the Remuneration Committee	–	7,500	–
Chairman of the Selection and Nomination Committee	–	–	–
Member of the Audit Committee	–	–	–
Member of the Remuneration Committee	–	–	–
Member of the Selection and Nomination Committee	–	–	5,000
Total	**–**	**37,500**	**42,500**

Role – FY2022	Laurel Charmaine Bowden (Euro unit)	Måns Hultman (Euro unit)	Mauro Pretolani (Euro unit)
Chairman	–	–	–
Non-Executive Director basic fee	–	30,000	30,000
Additional fees	2,500	7,500	12,500
Chairman of the Audit Committee	–	–	7,500
Chairman of the Remuneration Committee	–	7,500	–
Chairman of the Selection and Nomination Committee	–	–	–
Member of the Audit Committee	2,500[1]	–	–
Member of the Remuneration Committee	–	–	–
Member of the Selection and Nomination Committee	–	–	5,000
Total	**2,500**	**37,500**	**42,500**

1 In April 2024, the director Laurel Charmaine Bowden waived the emoluments matured in FY2022 as a member of the Audit Committee.

The remuneration report was approved by the Board on 15 April 2024 and signed on 16 April 2024 on its behalf by:

Måns Hultman
Chair of the Remuneration Committee and Director

Financial Statements

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT
OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK Kingdom Generally accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of MotorK Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

SEPARATE OPINION IN RELATION TO IFRSS AS ADOPTED BY THE EUROPEAN UNION

As explained in note 2 to the Group financial statements, the Group in addition to complying with its legal obligation to apply UK adopted international accounting standards, has also applied IFRSs as adopted by the European Union.

In our opinion the Group financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs as adopted by the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

INDEPENDENT AUDITOR'S REPORT CONTINUED
OPINION ON THE FINANCIAL STATEMENTS

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- A review of the Director's assessment of going concern including the potential impact of the reduction of liquidity and its impact on year end cash.
- An assessment of the appropriateness and accuracy of cash flow forecasts by comparison of historical performance versus budget.
- A comparison of the historic and forecast cash usage relative to the existing and forecast funds available.
- Consideration of the Director's sensitivity analysis along with performing further sensitivities on the revenue, personnel costs trajectory, capitalisation of costs and their affect on the forecast covenant measurements.
- A review of whether the disclosures are appropriate for the circumstances of the entity and provide sufficient information about the Group and its subsidiaries and the Directors' consideration of their ability to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	94% (2022: 99%) of Group profit before tax 98% (2022: 99%) of Group revenue 94% (2022: 99%) of Group total assets		
Key audit matters	Revenue recognition	2023	2022
Materiality	Group financial statements as a whole €870,000 (2022: €770,000) based on 2% (2022: 2%) of Revenue		

INDEPENDENT AUDITOR'S REPORT CONTINUED
OPINION ON THE FINANCIAL STATEMENTS

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Of the group's 12 (2022: 19) reporting components, 2 (2022: 2) were identified as significant and material with full scope audit procedures being performed for group purposes and 6 (2022: 13) were identified as non-significant but material where specific balances and risks were identified as being in scope for audit purposes. We conducted reviews of financial information (including enquiry) at a further 4 (2022: 4) not-significant or immaterial components.

Members of the group audit team completed all audits except for 1 full scope audit which was audited by a local overseas BDO network member firm. The group audit team performed audit procedures on the group consolidation process.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

The group audit team controlled and directed the work of the component audit team. This included providing detailed audit instructions and setting of component materiality. The group audit team visited the component team and management's offices and reviewed the working papers of the component auditors. The group audit team also held video calls in order to attend component planning and completion calls together with open dialogue maintained throughout the audit.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the annual report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and in management's judgements and estimates.

We also assessed the consistency of managements disclosures included as Other Information on page 89 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

INDEPENDENT AUDITOR'S REPORT CONTINUED
OPINION ON THE FINANCIAL STATEMENTS

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition Refer to the Accounting Policies of the Group in Note 5 for further detail on the policies impacting revenue recognition together with Note 7 detailing the estimation uncertainty over valuation of customer contracts and Note 9 for the financial disclosure of revenue.	The amounts reported in relation to revenue represent information of significant interest to many users of the financial statements. This puts revenue at a greater risk of manipulation, bias and misstatement. As a software company the Annual Rateable Revenue (ARR) is a Key Performance Indicator (KPI) of interest to investors; hence there could be an incentive to manipulate this figure. This ARR KPI is derived from December 2023 monthly annualised live contracts. There is a risk that either this calculation is manipulated or else contract commencing in 2024 are recognised earlier than they should be in the worn financial year. We therefore considered this to be a key audit matter.	■ We obtained a sample of contracts to check that the revenue recognition was in line with the contractual terms specifically considering when control was passed to a customer for both licence and maintenance revenues and the performance obligations had been fulfilled; ■ Tested the percentage of revenue identified as maintenance revenue back to support and benchmarked against market expectations; ■ A sample of new contracts signed around year end were selected and the evidence obtained to test when their go-live SaaS performance obligation had been met and hence when their revenue should have been recognised; ■ Samples of recurring contracts were also selected to check they matched the brought-forward invoicing pattern where still within the prior year contract or else was been supported by a new executed contract; ■ We selected and obtained support for non-standard journals to revenue; ■ Challenges were raised to management over the point when the licence revenue "performance obligation" had been delivered; ■ We agreed a sample of accrued, deferred income and credit notes to supporting documentation to check recorded in the correct period; and ■ We tested the ARR disclosure to check it was sufficiently well explained, defined and reconciled. We tested the computational accuracy of the ARR. **Key observations** We did not identify any indicators to suggest that the revenue recognition was inappropriate.

INDEPENDENT AUDITOR'S REPORT CONTINUED
OPINION ON THE FINANCIAL STATEMENTS

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2023	2022	2023	2022
Materiality	€860,000	€770,000	€860,000	€420,000
Basis for determining materiality	2% of Group revenue	2% of Group revenue	Based on Group allocated materiality	Based on Group allocated materiality
Rationale for the benchmark applied	We considered revenue to a key performance measure for users to evaluate the financial performance of this business in its growth phase.		Calculated based on Parent materiality given the assessment of aggregation risk for the Parent, which capped to the group materiality level.	
Performance materiality	€600,000	€501,000	€600,000	€273,000
Basis for determining performance materiality **Rationale for the percentage applied for performance materiality**	Performance materiality was set at 70% (2022: 65%) of materiality, taking into account various factors including the expected total value of known and likely misstatements, brought forward misstatements, the number of material estimates, the spread of results within the group and the expected use of sample testing.		Performance materiality for the Parent Company was set at 70% (2022: 65%) of materiality taking into account various factors including the expected total value of known and likely misstatements, brought forward misstatements, and the number of material estimates.	

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of 63% (2022: 90%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality for this component was €540k (2022: €732k). In the audit of each component, we further applied performance materiality levels of 70% (2022: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

INDEPENDENT AUDITOR'S REPORT CONTINUED
OPINION ON THE FINANCIAL STATEMENTS

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of €34,000 (2022: €31,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: ■ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ■ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: ■ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or ■ the Parent Company financial statements are not in agreement with the accounting records and returns; or ■ certain disclosures of Directors' remuneration specified by law are not made; or ■ we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT CONTINUED
OPINION ON THE FINANCIAL STATEMENTS

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

Motork Plc has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML-format, including the marked-up consolidated financial statements as included in the reporting package by Motork Plc, complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures included:
- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion including:
    - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
    - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT CONTINUED
OPINION ON THE FINANCIAL STATEMENTS

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations
Based on:
- our understanding of the Group and the industry in which it operates;
- discussion with management and those charged with governance including Audit Committee; and
- obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be accounting standards, Euronext, Companies Act 2006, the Dutch listing Rules, Companies Act in the countries where the group operates and certain requirements from tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to Companies Act 2006, the Dutch listing Rules, Companies Act in the countries where the group operates and tax legislation.

Our procedures in respect of the above included:
- review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures and agreeing to supporting documentation; and
- review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud
We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:
- enquiry with management and those charged with governance including Audit Committee regarding any known or suspected instances of fraud;
- obtaining an understanding of the Group's policies and procedures relating to:
  - detecting and responding to the risks of fraud; and
  - internal controls established to mitigate risks related to fraud.
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue and management override.

INDEPENDENT AUDITOR'S REPORT CONTINUED
OPINION ON THE FINANCIAL STATEMENTS

Our procedures in respect of the above included:

- assessing significant estimates made by management for bias (see key audit matters);
- testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- assessing significant estimates made by management for discount rate used as part of business acquisition; and
- we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors in estimates or judgements that represented a risk of material misstatement due to fraud. To address the risk of fraud due to revenue recognition through our journals testing we obtained a list of journal entries to revenue and reviewed manual postings with values greater than predetermined thresholds as set out in the key audit matters section of our report.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Owen Pettifor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK
16 April 2024

DocuSigned by:
Owen Pettifor
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BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

€'000	Note	For the year ended 31 December 2023	For the year ended 31 December 2022
Revenue	9	**42,940**	**38,547**
Cost for customers' media services	10	7,515	7,028
Personnel costs	10	34,201	29,864
R&D capitalisation	10	(9,342)	(8,707)
Other operating costs	10	16,347	15,216
Amortisation and depreciation	10	8,741	8,013
Total costs	10	**57,462**	**51,414**
Operating loss		**(14,522)**	**(12,867)**
Finance expense	11	(1,097)	(1,235)
Finance income	11	57	231
Loss before tax		**(15,562)**	**(13,871)**
Corporate income tax	12	2,315	(140)
Loss from continuing operations		**(13,247)**	**(14,011)**
Profit after income tax of discontinued operation	24	–	6,734
Loss for the period		**(13,247)**	**(7,277)**
Attributable to:			
Owners of the parent		(13,247)	(7,277)
Other comprehensive loss			
Actuarial (losses)/gain arising from remeasurement of liabilities for employee benefits that will not be subsequently remeasured to the income statement	20	(49)	679
Gains on exchange differences from translation of financial statements of foreign entities that will be reclassified subsequently to the income statement	28	77	126
Total comprehensive loss		**(13,219)**	**(6,472)**
Attributable to:			
Owners of the parent		(13,219)	(6,472)
Total comprehensive loss for the period attributable to owners of the parent arises from:			
Continuing operations		(13,219)	(13,206)
Discontinued operations	24	–	6,734
Basic and diluted EPS			
Loss for the period	26	(0.33)	(0.18)
Loss from continuing operations	26	(0.33)	(0.35)
Profit from discontinued operations	26	–	0.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€'000	Note	As at 31 December 2023	Restated As at 31 December 2022
Intangible assets	13	46,477	36,757
Property, plant and equipment	14	4,557	5,000
Investments in associates	15	3,538	3,538
Non-current assets – security deposits	15	234	194
Non-current contract assets	16	5,654	7,294
Non-current assets		**60,460**	**52,783**
Trade and other receivables	16	13,405	13,058
Contract assets	16	19,194	13,440
Cash and cash equivalents	17	3,509	19,223
Current assets		**36,108**	**45,721**
Total assets		**96,568**	**98,504**
Trade and other payables	18	13,080	12,021
Tax payable	18	2,573	3,842
Current financial liabilities*	19	10,655	1,074
Current lease liabilities	19	1,170	972
Provisions*	22	120	153
Current liabilities		**27,598**	**18,062**
Employees' benefit liability	20	2,309	1,895
Deferred tax liabilities	21	1,791	1,471
Non-current financial liabilities*	19	9,994	11,463
Non-current lease liabilities	19	3,190	3,665
Provisions*	22	57	142
Non-current liabilities		**17,341**	**18,636**
Total liabilities		**44,939**	**36,698**

* Restated. Please refer to page 106 for further details.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

€'000	Note	As at 31 December 2023	Restated As at 31 December 2022
Share capital	23	407	403
Share premium	23	69,446	68,754
Merger reserve	23	3,627	3,627
Earn-out reserve	23	1,587	798
Accumulated losses	23	(23,438)	(11,776)
Total equity		**51,629**	**61,806**
Total liabilities and equity		**96,568**	**98,504**

The notes on pages 99 to 137 form part of the Consolidated Financial Statements. The Consolidated Financial Statements on pages 93–98 were approved and authorised for issue by the Board of Directors on 15 April 2024 and were signed on 16 April 2024 on its behalf by:

Marco Marlia
Chief Executive Officer
16 April 2024

CONSOLIDATED STATEMENT OF CASH FLOWS

€'000	For the year ended 31 December 2023	For the year ended 31 December 2022
Loss for the period from continuing operations	(13,247)	(14,011)
Profit for the period from discontinued operations	–	6,734
Adjustments for:		
Depreciation of property, plant and equipment	1,423	1,200
Amortisation of intangible fixed assets	7,318	6,813
Gain from discontinued operations	–	(7,767)
Finance income	(57)	(231)
Finance expense	1,097	1,235
Income tax (credit)/expense	(2,315)	140
Share-based payment expense	1,202	1,543
Earn-out accrual	2,048	1,879
Other non-monetary movements	(111)	126
Cash outflow (used in) operating activities before changes in net working capital	**(2,642)**	**(2,339)**
(Increase) in trade and other receivables and contract assets	(3,954)	(9,127)
Increase in trade and other payables	1,210	1,865
(Decrease)/increase in provisions and employee benefits	(137)	588
Cash outflow (used in) operations	**(5,523)**	**(9,013)**
Income taxes paid	(712)	(150)
Net cash flows (used in) operating activities	**(6,235)**	**(9,163)**

€'000	For the year ended 31 December 2023	For the year ended 31 December 2022
Investing activities		
Cash outflow on acquisition of subsidiaries (net of cash acquired)	(3,881)	(8,467)
Purchase of intangible assets*	(9,358)	(8,760)
Purchases of property, plant and equipment	(92)	(315)
Non-current assets – security deposits	(40)	(74)
Proceeds from disposal of assets available for sale	–	4,011
Net cash (used in) investing activities	**(13,371)**	**(13,605)**
Financing activities		
Proceeds for issue of shares	3,153	–
Buy-back programme	(2,306)	(694)
Bank loans repaid	(47)	(521)
New bank and loan with other financial institutions	4,831	2,150
Capital element of lease liabilities repaid	(1,126)	(927)
Interest paid on bank and other loans	(402)	(1,130)
Interest paid on lease liabilities	(211)	(144)
Net cash from/(used in) financing activities	**3,892**	**(1,266)**
Net decrease in cash and cash equivalents	**(15,714)**	**(24,034)**
Cash and cash equivalents at beginning of period	**19,223**	**43,257**
Cash and cash equivalents at end of period	**3,509**	**19,223**

* In FY2023 it includes €9.3 million of internally generated assets additions (€8.7 million in FY2022) and €15 thousand of direct purchase additions (€53 thousand in FY2022).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€'000	Share capital	Share premium	Merger reserve	Earn-out reserve	Accumulated losses	Total attributable to equity holders of parent
1 January 2022	**403**	**72,754**	**1,397**	**–**	**(10,157)**	**64,397**
Loss for the period	–	–	–	–	(7,277)	(7,277)
Other comprehensive loss						
Translation reserve	–	–	–	–	126	126
Defined benefit pension scheme	–	–	–	–	679	679
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(6,472)**	**(6,472)**
Contributions by and distributions to owners						
Issue of shares	4	–	2,230	–	–	2,234
Share-based payment	–	–	–	–	1,543	1,543
Shares to be issued	–	–	–	798	–	798
Buy-back programme[1]	(4)	–	–	–	(690)	(694)
Capital reduction	–	(4,000)	–	–	4,000	–
Total contributions by and distributions to owners	**–**	**(4,000)**	**2,230**	**798**	**4,853**	**3,881**
31 December 2022	**403**	**68,754**	**3,627**	**798**	**(11,776)**	**61,806**

1 MotorK bought its own shares and cancelled them.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

€'000	Share capital	Share premium	Merger reserve	Earn-out reserve	Accumulated losses	Total attributable to equity holders of parent
Loss for the period	–	–	–	–	(13,247)	(13,247)
Other comprehensive loss						
Translation reserve	–	–	–	–	77	77
Defined benefit pension scheme	–	–	–	–	(49)	(49)
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(13,219)**	**(13,219)**
Contributions by and distributions to owners						
Issue of shares[1]	18	4,692	–	(204)	–	4,506
Share-based payment	–	–	–	–	1,202	1,202
Share-based payment exercised	–	–	–	–	(1,353)	(1,353)
Shares to be issued	–	–	–	993	–	993
Buy-back programme[2]	(14)	–	–	–	(2,292)	(2,306)
Capital reduction	–	(4,000)	–	–	4,000	–
Total contributions by and distributions to owners	**4**	**692**	**-**	**789**	**1,557**	**3,042**
31 December 2023	**407**	**69,446**	**3,627**	**1,587**	**(23,438)**	**51,629**

1 Please refer to Note 23 for further details.
2 MotorK bought its own shares and cancelled them.

Share capital represents the nominal value of the share capital subscribed for.

Share premium represents amounts subscribed for share capital in excess of nominal value less related costs of share issues.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

MotorK Plc (the Company or the Parent Company) is a Company incorporated in the UK. The registered office is on the 5th Floor, One New Change, London, England, EC4M 9AF, listed from November 2021 on Euronext Amsterdam.

The Company and its subsidiaries (the Group or MotorK Group) is a leading SaaS provider for the automotive retail industry in the EMEA region.

The Group offers a cloud-based holistic SaaS platform (named SparK) to support the full vehicle lifecycle and the entire customer journey. SparK can be used to manage the digital presence of a small single showroom dealer as well as support the sales and marketing functions of a regional network of franchise dealerships for an automotive OEM across EMEA.

As of 31 December 2023, the main shareholders of the Parent Company are 83 North, who directly holds approximately 19.3% of the share capital, Lucerne, who holds approximately 15% of the share capital and the original founders Marco Marlia (CEO of the Group), Marco De Michele, and Fabio Gurgone own roughly 13% each of the share capital.

These consolidated financial statements as of and for the year ended 31 December 2023, together with the notes thereto, have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in compliance with adopted IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 7.

On 31 December 2020, the EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with UK-adopted international accounting standards and with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) as adopted by the European Union (Adopted IFRSs) and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under IFRSs.

2.1 Form and content of the consolidated financial statements

The format of the consolidated financial statement and related classification criteria adopted by the Group (among the options available under IAS 1 – Presentation of financial statement) are as follows:

- the consolidated statement of financial position shows current and non-current assets separately, and current and non-current liabilities in the same way;
- the consolidated statement of profit and loss and other comprehensive income shows a classification of costs by nature; and
- the consolidated statement of cash flow was prepared using the indirect method.

The Group has chosen to prepare a comprehensive income statement that includes, in addition to the result for the period, other amounts that, in accordance with the international accounting standards, are recognised directly in other comprehensive income separately from those relating to operations with the Group's shareholders.

The templates used, as specified above, are those that best represent the Group's economic, equity and financial situation. The consolidated financial statements are prepared in Euro (which is also the presentation currency), rounded to the nearest thousand. They are prepared on the historical cost basis with the exception of certain items, which are measured at fair value as disclosed in the accounting policies below. The preparation of the financial statements requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. BASIS OF PREPARATION CONTINUED

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects current and future periods.

2.2 Subsidiaries of MotorK Plc included in the consolidated financial statements

The consolidated financial statements include the financial statements of the Parent Company, MotorK Plc, and its subsidiaries. Where necessary, specific adjustments were made at the consolidated level to standardise the Group's financial statements to the UK-adopted International Accounting Standards.

Below, we report the list of companies included in consolidated financial statements prepared by the Parent Company, MotorK Plc, as at 31 December 2023, indicating the share capital held by the Group. MotorK Italia S.r.l. is directly controlled by MotorK Plc. All the other subsidiaries are indirectly controlled.

Name	Country of incorporation and principal place of business	Proportion of ownership interest at		
		2023	2022	2021
MotorK Italia S.r.l.	Italy	100%	100%	100%
MotorK Spain Gestiones Comerciales SL	Spain	100%	100%	100%
MotorK Deutschland GmbH	Germany	100%	100%	100%
MotorK France Sarl	France	100%	100%	100%
For Business S.r.l.	Italy	100%	100%	100%
MotorK Israel Ltd	Israel	100%	100%	100%
DealerK Technology Solutions, Unipessoal Lda	Portugal	100%	100%	100%
DriveK Italia S.r.l.	Italy	100%	100%	100%
FusionIT NV	Belgium	100%	100%	–
FranceProNet SaS[4]	France	–	100%	–
SFD SaS[4]	France	–	100%	–
ICO International GmbH	Germany	100%	100%	–
AutoXY SpA	Italy	20%	20%	–
3W Net Sarl[1]	France	–	–	–
Fidcar SAS[2]	France	–	–	100%
Liotey Sarl[2]	France	–	–	100%
PDA DAPDA SL[3]	Spain	–	–	100%
DAPDA Media SL[3]	Spain	–	–	100%
DriveK France SAS[5]	France	–	–	100%
DriveK Solution SL[5]	Spain	–	–	100%
GestionaleAuto.com S.r.l.	Italy	100%	–	–

1 Merged into MotorK France starting from 1 June 2021.
2 Merged into MotorK France starting from 1 January 2022.
3 Merged into MotorK Spain starting from 1 January 2022.
4 Merged into MotorK France starting from 1 January 2023.
5 Transferred to Auto XY S.p.A. in the context of the selling of the DriveK business unit completed in December 2022. For further details, please refer to the Annual Report 2022.

During the financial year 2023, the consolidation area changed as a result of the following operations:

- On 16 June 2023, MotorK Group completed the acquisition of GestionaleAuto.com S.r.l. Founded in 2004, GestionaleAuto.com is a prominent SaaS player in the Italian digital automotive retail market. The company provides car dealers with a comprehensive suite of digital solutions focused on multi-publishing stock management, omnichannel digital showroom capability, and lead generation and follow-up. The acquisition of GestionaleAuto.com aligns with Group M&A strategy to consolidate the market and strengthen its leadership position in Europe's digital automotive retail market.
- Merger of FranceProNet SaS and SFD SaS into MotorK France with accounting and tax effects effective from January 2022 aiming at simply the legal entities structure and organisations in France.

All the companies mentioned above are included in the consolidated financial statements from the date on which control is transferred to the Group or from the date in which they have been incorporated.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. BASIS OF PREPARATION CONTINUED

The registered offices of the companies disclosed above is as follows:

MotorK Italia S.r.l.	Via Ludovico D'Aragona, 9 – 20132 Milan, Italy
MotorK Spain Gestiones Comerciales SL	Calle Muntaner 305 Planta PR Puerta 2 – 08021 – Barcelona, Spain
MotorK Deutschland GmbH	Destouchesstr. 68 – 80796 – München, Germany
MotorK France Sarl	168, Avenue Charles De Gaulle 9220 Neuilly-sur-Seine – Paris, France
For Business S.r.l.	Via Ludovico D'Aragona, 9 – 20132 Milan, Italy
MotorK Israel Ltd	3 Arik Einstein St Herzliya, Israel
DealerK Technology Solutions, Unipessoal Lda	Avenida de República n50, 10 – 1069 – 211 Lisbon, Portugal
DriveK Italia S.r.l.	Via Ludovico D'Aragona, 9 – 20132 Milan, Italy
FusionIT NV	Mechelsesteenweg 203 box 2, 2018 Antwerp, Belgium
ICO International GmbH	Berner Straße 107 – 60437 Frankfurt am Main, Germany
AutoXY SpA	Via Maremonti n. 41– Lecce, Italy
GestionaleAuto.com Srl	Viale Asiago n. 113 – Bassano del Grappa, Italy

2.3 Basis for consolidation

The criteria used by the Group to define the consolidation area and the relative consolidation principles are shown below. The financial statements of foreign companies are translated into Euro using the functional currency concept, under which asset and liability items are translated at the closing rate. With the exception of income and expenses recognised directly in equity, equity is translated at historical rates. The resulting foreign exchange differences are recognised in other comprehensive income until disposal of the subsidiary concerned, and are presented as a separate item in equity.

Subsidiaries

The subsidiary companies are those companies that the Group controls. The Group controls a company when it is exposed to the variability of the company's results and has the power to influence these results through its power over the company. Generally, it is assumed that control exists when the Company directly or indirectly holds more than half of the voting rights, taking into account the potential exercised or converted voting rights.

Subsidiaries owned 100% (directly or indirectly) are consolidated using the integral method from the date on which control is transferred to the Group. On the other hand, they are excluded from consolidation starting from the date on which this control is terminated.

Associates companies

Associates are companies over which the Group has significant influence, which is presumed to exist when the investment represents 20% to 50% of the voting rights.

Under the equity method, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit/(loss) and other comprehensive income/(loss) of the investee. The Group's share of the investee's profit/(loss) is recognised in the consolidated income statement. Distributions received from an investee reduce the carrying amount of the investment. Post-acquisition movements in other comprehensive income/(loss) are recognised in other comprehensive income/(loss) with a corresponding adjustment to the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of the losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. The Group discontinues the use of the equity method from the date the investment ceases to be an associate or when it is classified as available-for-sale.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. BASIS OF PREPARATION CONTINUED

Assets held for disposal

Non-current assets or disposal groups whose book value will be recovered mainly through sale rather than through their continuous use are classified as held for sale and are shown separately from other assets and liabilities in the Consolidated Statement of Financial Position.

Non-current assets or disposal groups classified as held for sale are first recognised in accordance with the specific reference IFRS applicable to each asset and liability, and subsequently recognised at the lower of the carrying amount and the related fair value, net of sale costs. Any subsequent losses in value are recognised directly as an adjustment to current assets or disposal groups classified as held for sale with a balancing entry in the income statement. On the other hand, a reversal is recorded for each subsequent increase in the fair value of an asset less sales costs, but only up to the amount of the impairment loss previously recognised. In accordance with the provisions of IFRS 5 (Non-current assets held for sale and discontinued operations), non-current assets classified as held for sale or part of a group held for sale are not amortised. Financial charges and other expenses attributable to the liabilities of a disposal group classified as held for sale must continue to be recognised.

Business combinations

Business combinations are recorded according to the acquisition method.

According to this method:

- the amount transferred in a business combination is measured at fair value, calculated as the sum of the fair value of the assets transferred and of the liabilities assumed by the Group on the acquisition date and of the equity instruments issued in exchange for control of the acquired company. The charges ancillary to the transaction are recorded on the income statement at the time in which they are incurred;
- the identifiable assets and the liabilities acquired are recognised at fair value at the acquisition date; an exception is deferred tax assets and liabilities, assets and liabilities for employee benefits, liabilities or equity instruments relating to share-based payments of the acquired company or payments based on shares relating to the Group issued to replace contracts for the company acquired, and assets (or groups of assets and liabilities) held for sale, which are instead valued according to their relevant principle;
- goodwill is calculated as the excess between the sum of the considerations transferred in the business combination, the value of the net equity pertaining to non-controlling interests and the fair value of any equity investment previously held in the company acquired compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets and liabilities acquired at the acquisition date exceeds the sum determined above, the excess is immediately recognised in the income statement as income deriving from the transaction; and
- any considerations subject to conditions provided for by the business combination contract are valued at fair value on the acquisition date and included in the value of the amounts transferred in the business combination for the purpose of calculating the goodwill.

3. GOING CONCERN

In preparing the financial statements, management has the applied going concern principle based on its assessment of the Company's ability to continue as a going concern. In making such an assessment, management has considered the cash injection achieved in the first month of FY2024 due to the capital rise of €12.3 million and the new tranche of the ATEMPO loan for €5 million, the expectation of the Company's future performance and the excellent results in terms of growth during 2023.

Management has prepared a three-year Business Plan covering the period 2024–2026 (that includes inflation assumptions on salaries) showing that the Company has the resources to cover its financial need for the foreseeable future. As per the Business Plan, during FY2024 it is forecasted to burn a certain amount of cash so that cash and cash equivalents at year end 31 December 2024 will land in a positive territory with last quarter of FY2024 and FY2025 showing a stabilisation towards cash flow breakeven. Management is also currently under discussion to obtain further flexibility on cash needs with the use of some instruments to finance working capital. Such instruments will ensure that even a worst case scenario of a 10% reduction in recurring billings during the year, as shown in the sensitivity analysis, will have limited impact on the Group's cash position to 12 months from approval date of the accounts with no substantial effect on going concern assessment.

Doing the going concern assessment, Management has also considered the potential impacts of the conflict between Russia and Ukraine, the conflict in Israel, the inflation rate, the increase of commodities prices and of cost of living in the markets where the Group operates. Such elements have been taken into account and reflected in the aforementioned Business Plan. Due to the nature of MotorK, key digital supplier of our customers, management concluded that such elements do not have a significant impact on going concern assessment.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. ACCOUNTING STANDARDS IN FORCE FROM 1 JANUARY 2023 AND INTERPRETATIONS APPLICABLE AT A FUTURE DATE

4.1 New standards and amendments effective from 1 January 2023

The following new standards and amendments effective from 1 January 2023 were adopted by the Group for the preparation of these Consolidated Financial Statements.

- In February 2021, the IASB issued amendments to IAS 1 – *Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies,* which require companies to disclose their material accounting policy information rather than their significant accounting policies and provide guidance on how to apply the concept of materiality to accounting policy disclosures. These amendments are effective on or after 1 January 2023. The Group has revisited the disclosure of accounting policies and only disclose the ones considered material for management.
- In February 2021, the IASB issued amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates,* which clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. These amendments are effective on or after 1 January 2023. The Group has revisited the disclosure of accounting policies and only disclose the ones considered material for management.
- In May 2021, the IASB issued amendments to IAS 12 – *Income Taxes: Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction* that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. These amendments are effective on or after 1 January 2023. There was no significant effect from the adoption of these amendments.
- In December 2021, the IASB issued amendments to IFRS 17 – *Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information*, which provides a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. The amendment is effective on or after 1 January 2023. There was no significant effect from the adoption of these amendments.
- In May 2023, the IASB issued amendments to IAS 12 – *Income taxes: International Tax Reform – Pillar Two Model Rules* to clarify the application of IAS 12 – *Income taxes* to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development/G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules (Pillar Two income taxes). The amendments introduce: (i) a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, which was effective immediately upon issuance of the amendment; and (ii) disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before the effective date of the Pillar Two model rules, which apply for annual reporting periods beginning on or after 1 January 2023. There was no significant effect from the adoption of these amendments.

4.2 New standards, amendments and interpretations not yet effective

The standards, amendments and interpretations issued by the IASB that will have mandatory application in 2024 or subsequent years are listed below:

- In January 2020, the IASB issued amendments to IAS 1 – *Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current* to clarify how to classify debt and other liabilities as current or non-current, and in particular how to classify liabilities with an uncertain settlement date and liabilities that may be settled by converting to equity. These amendments are effective on or after 1 January 2024. The Group does not expect any material impact from the adoption of these amendments.
- In September 2022, the IASB issued amendments to IFRS 16 – *Leases*: *Liability in a Sale and Leaseback* to improve the requirements for sale and leaseback transactions, which specify the measurement of the liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. These amendments are effective on or after 1 January 2024. The Group does not expect any material impact from the adoption of these amendments.
- In October 2022, the IASB issued amendments to IAS 1 – *Presentation of Financial Statements: Non-current Liabilities with Covenants*, which clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. These amendments are effective on or after 1 January 2024. The Group does not expect any material impact from the adoption of these amendments.
- In May 2023, the IASB issued amendments to IAS 7 – *Statement of Cash Flows* and IFRS 7 – *Financial Instruments: Disclosures: Supplier Finance Arrangements*, which introduce new disclosure requirements to enhance the transparency and usefulness of the information provided by entities about supplier finance arrangements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments are effective on or after 1 January 2024. The Group is evaluating the potential impact from the adoption of these amendments.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. ACCOUNTING STANDARDS IN FORCE FROM 1 JANUARY 2023 AND INTERPRETATIONS APPLICABLE AT A FUTURE DATE CONTINUED

4.2 New standards, amendments and interpretations not yet effective continued

- In August 2023, the IASB issued amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* to clarify how an entity has to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide. These amendments are effective on or after 1 January 2025. The Group does not expect any material impact from the adoption of these amendments.
- In June 2023 the International Sustainability Standards Board (ISSB) issued its first two IFRS® Sustainability Disclosure Standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity. The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity. The Group is evaluating the potential impact from the adoption of these amendments.

5. MATERIAL ACCOUNTING POLICIES

Internally generated intangible assets (development costs)

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

1. it is technically feasible to develop the product for it to be sold;
2. adequate resources are available to complete the development;
3. there is an intention to complete and sell the product;
4. the Group is able to sell the product;
5. sale of the product will generate future economic benefits; and
6. expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed (three years).

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. Development costs incurred on an existing assets are capitalised only in case such costs increment the functionality of the asset.

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the 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. Direct costs of acquisition are recognised immediately as an expense.

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.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets; and leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Impairment of non-financial assets with indefinite useful economic lives

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. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. MATERIAL ACCOUNTING POLICIES CONTINUED

Impairment of non-financial assets with indefinite useful economic lives continued

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its CGUs. Goodwill is allocated on initial recognition to each of the Group's CGU (Cash-generating Unit) that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Foreign currency

The Group's consolidated financial statements are presented in Euros, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Financial assets

The Group's financial assets are classified on the basis of the business model adopted to manage them and the characteristics of the related cash flows.

a) Financial assets valued at amortised cost

Financial assets that have been verified to meet the following requirements are classified in this category:
(i) the asset is held within a business model whose objective is possession of the asset to collect contractual financial flows; and
(ii) the contractual terms of the asset include cash flows represented solely by payments of principal and interest on the principal amount to be repaid.

These are receivables from customers, loans other receivables and cash and cash equivalent.

The investments in associated companies are accounted for using the equity method.

Trade receivables that do not contain a significant financial component are recognised at the price defined for the related transaction (determined in accordance with the provisions of IFRS 15 – *Revenues from Customer Contracts*).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. MATERIAL ACCOUNTING POLICIES CONTINUED

Financial assets continued

a) Financial assets valued at amortised cost continued

Other receivables and loans are initially recognised in the financial statements at their fair value increased by any directly attributable accessory costs to the transactions that generated them. At the time of subsequent measurement, financial assets are shown at amortised cost, with the exception of loans that do not contain a significant financial component, using the effective interest rate. The effects of this measurement are recognised as a financial income component.

The Group values receivables by adopting an expected loss impairment model.

For trade receivables the Group adopts a simplified approach, which does not require periodic changes to the credit risk to be reported, but rather an expected credit loss (ECL) calculated on the entire ECL lifetime to be recorded.

In particular, the policy implemented by the Group involves the stratification of receivables, which are broken down by homogeneous risk categories. Different write-down percentages are applied to these categories, which reflect the likelihood of them being recovered. These are based on historical percentages and on any forward-looking data, which may impact the reasonable likelihood of them being recovered. Trade receivables are written down in full if they are not reasonably likely to be recovered (e.g. overdue past a certain point, bankruptcy and/or start of legal action).

Write-downs carried out in accordance with IFRS 9 are recognised in the consolidated income statement net of any positive effects related to releases or restorations of value and are represented under operating costs.

Financial liabilities

Financial liabilities include financial payables, payables for leases, trade payables, provisions, bank loans, other loans and other payables.

Amounts due to banks and other lenders are initially recognised at fair value net of directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method. If there is a change in the expected cash flows, the value of the liabilities is recalculated to reflect this change based on the current value of the new expected cash flows and the initially determined internal rate of return.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Trade payables are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if they are paid within one year of the balance sheet date. Otherwise, these payables are classified as non-current liabilities.

Trade and other payables are initially recognised at fair value and subsequently measured using the amortised cost method. Contingent consideration classified as financial liabilities are measured at fair value through profit and loss ("FVTPL"). Ancillary costs incurred on recognition of the liability are immediately recognised in the consolidated income statement. On subsequent measurement, FVTPL financial liabilities are measured at fair value.

Financial liabilities are eliminated from the financial statements when the obligation underlying the liability is extinguished, cancelled or fulfilled.

With reference to the derecognition of a financial liability, new records must be created for its extinction and the recognition of a new liability if the contractual terms are substantially different. The terms are considerably different if the actualised value of the financial flow under the new terms, including any fee paid net of the fee received and actualised using the original interest rate, are at least 10% different from the actualised value of the remaining financial flows of the original financial liability. If the exchange of debt instruments or the change in the terms are recognised as an extinction, any costs or fees paid are recorded as income or losses associated with the extinction. If the exchange or modification are not recognised as extinction, any costs or fees sustained will adjust the accounting value of the liability and will be amortised over the remaining term of the liability in question.

Prior year restatement

The prior year statement had presented €551 thousand within Provisions (Current liabilities) of which €398 thousand should have been within Current financial liabilities and €3,987 thousand within Provision (Non-current liabilities) of which €3,845 thousand should have been within Non-current financial liabilities. This has been restated in the current year presentation of the comparative statement of financial position. The classification has been revised to present such contingent consideration measured at fair-value through profit or loss rather than amortised cost. The restatement does not impact total net assets and profit for the relevant year.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. MATERIAL ACCOUNTING POLICIES CONTINUED

Share-based payments

The Group provides share-based payment arrangements to certain employees.

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Consolidated Statement of Comprehensive Income over the remaining vesting period.

Revenue from contract with customers

The Group is a software as a service (SaaS) provider for the automotive retail industry empowering car dealers and Original Equipment Manufacturers (OEMs) to improve their customer experience through a broad suite of fully integrated digital products and services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenues from cloud-based SaaS platforms

Cloud-based SaaS platforms contracts are long-term contracts providing a fixed recurring fee invoiced periodically depending on the payment cadence agreed in the contract (monthly, quarterly, annually). Following the assessment made by top management, two separate performance obligations were identified in the contracts:

- The selling of the 'right-to-use IP' to the client for which the performance obligation is satisfied point in time (when access to the product is granted to the customers).
- The post-contract customer support related to costs incurred to maintain the platform live for which the revenues are recorded overtime on the duration of the contracts.

The majority of such revenue are related to the selling of the "right to use IP" as the post-contract customer support performance obligations is only related to the portion of costs incurred to maintain the platform live that are not significant compared to total revenue.

In assessing the revenue recognition policy to be applied management has considered the Group standard terms and conditions applied to customers and the non significant costs incurred to maintain the platform live during the life of the agreement concluding that the most significant part of the revenue are recognised point in time when access to the products are granted to the customers. As further explained at page 152 of this Annual Report this revenue recognition policy may differ from revenue recognition policy applied by other SaaS companies that is the reason why management present the Annual Recurring Revenue (ARR) as a Group APM.

In determining the transaction price, the Group considers the effects of variable consideration, discounts, existence of a significant financing component, non-cash consideration and consideration payable to the customer (if any). None of these elements have a significant impact on the transaction price.

Digital marketing revenue is recognised point in time in the month where the marketing campaign has been provided to the customer and therefore the service is rendered. The identification of such performance obligation is not a key judgement.

Other revenue mainly refers to training activities, which is recognised when the training has been delivered and recognised point in time. Other revenue related to other services not previously identified are recognised when the services are rendered to the customers.

Contract balance

a) Contract assets

A contract asset is initially recognised when the right-to-use IP is transferred to the customers point in time. After initial recognition on a monthly, quarterly or annual basis (depending on the contracts conditions) the amount recognised as contract assets is reclassified to trade receivables when the invoice is issued. Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. MATERIAL ACCOUNTING POLICIES CONTINUED

Contract balance continued

b) Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

6. OPERATING SEGMENTS

Following the selling of the DriveK business completed in December 2022 (and classified as a discontinued operation in the previous years), the Group has determined that it has one operating and reportable segment based on the information reviewed by its Board of Directors in making decisions regarding allocation of resources and to assess performance.

Non-current assets, which consist of property, plant and equipment and intangible assets, excluding goodwill, are substantially located in Italy.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Calculation of Adjusted EBITDA
Due to its nature not strictly inherent to the business performance of the Group, management has identified as exceptional costs for the definition of Adjusted EBITDA the following elements:
- external costs related to M&A as exceptional transactions and, as a consequence, costs not strictly inherent to the performance of the business;
- external costs incurred for exceptional projects that will not be repeated in the future;
- severance indemnity costs paid to employees who left the company and that the Group will not incur in the future (exceptional costs);
- contingent considerations related to the acquisition made that are automatically forfeited if key employees terminate as exceptional transaction related to M&A acquisition;
- stock option plan costs as non-cash transactions and therefore not considered as relevant for the calculation of such measure.

Adjusted EBITDA is considered a Group APM. Evaluating business performance with such APM may imply some limitations such as the fact that the measure may not be comparable across companies and the fact that such measure is focusing on recurring component and excluding some other components that are not strictly inherent to business performance of the Group but that still have an impact on the economic and financial results of the year.

Development costs
The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. Further disclosure is provided in Note 13.

In making judgement and assumptions, we have considered climate-related matters and concluded that such matters have no material impact on our business and the assumptions impact on the financial statements. Management has evaluated the impact of office buildings and employees travel by air and car and has concluded that such aspects do not have a significant impact on climate-related matters and on Group financial performance.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

Estimates and assumptions continued

Revenue recognition of SaaS platform contracts continued

Revenues related to the SaaS platform contracts value are split into two separate performance obligations: i) revenue recognised point in time in the moment in which the access to the platform is granted to the customer and ii) revenue related to post-contract support activities. The amount of revenue related to post-contract support is based on management judgement, considering historical related costs incurred and future expectations, and is therefore considered a critical accounting estimate.

The most significant portion of the consideration is allocated to the performance obligation related to the access to the platform (€31.9 million out of €32.5 million of SaaS platform revenue in FY2023 and €27.6 million out of €28.1 million of SaaS platform revenue in FY2022. For more details please refer to Note 9 – Revenue – of this Annual Report). Revenue related to post-contract support activities are estimated on the basis of historical trends of basic maintenance, bug-fixing and hosting costs. A different estimation of the allocation of the customer consideration on the two performance obligations may have an impact in terms of higher or lower revenue to be deferred into the next years and consequently on the revenue booked during the year 2023. An increase of 10% of the incidence of costs related to post-contract support activities may lead to an increase of revenues to be deferred in the next years and therefore to a reduction of revenue for FY2023 of roughly €2.7 million (€2.2 million in FY2022).

8. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

MotorK Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods.

Capital risk management

The Group defines capital as the total equity of the Group. The Group's capital is made up of share capital, share premium and retained earnings totalling €51.6 million (€61.8 million as at 31 December 2022).

The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from operating cash flow and issuance of shareholders' equity and borrowings. Financial covenants on the loan with Illimity Bank are in place. Due to the negative EBITDA reported in FY2023, MotorK Group management and Illimity Bank have agreed a waiver for testing financial covenants in place as at 31 December 2023 providing that the first testing period of such financial parameters will be 31 December 2024.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group ensures that the distributions to shareholders do not exceed working capital requirements.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

With regard to trade receivables, contract assets, cash and cash equivalent and other receivables the insolvency risk is monitored centrally by the Group's finance department, which constantly monitors the Group's credit exposure, the collections of trade receivables and the adequacy of bad debt provisions on a monthly basis. Bad debt provision is calculated in accordance with IFRS 9 on the basis of the ECL that moves from the historical credit loss for each cluster of customers. The historical credit loss calculated by management is then applied to each cluster to define the bad debt provision accrual.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group did not provide detailed information on how the forecast economic conditions have been incorporated in the determination of ECL because the impact is not significant. In determining the ECL, MotorK has identified the clusters based on shared credit risk characteristics and days passed due and then an expected loss rates, considered reasonable by management, has been applied to determine the bad debt provision.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

Credit risk continued

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department. Counterparty banks are assessed prior to opening bank accounts and on an ongoing basis to ensure exposure to credit risk is at an acceptable level.

Investments of surplus funds are made only with counterparties with a high level of standing with the aim of minimising the concentration of risks and therefore mitigate potential financial loss. Cash and cash equivalents are deposited into ordinary banks accounts with top rated banks.

The carrying amount of financial assets recorded in the financial statements, net of bad debt provision, represents the Group's maximum exposure to credit risk and is similar to the carrying value.

The ageing analysis of trade receivables is shown in the following table:

€'000	Not overdue	Overdue by less than 1 month	Overdue by 1–2 months	Overdue by more than 2 months	Total
Gross trade receivables as at 31 December 2022	7,556	1,985	514	1,825	11,880
Allowance for doubtful receivables	–	–	–	(533)	(533)
Trade receivables as at 31 December 2022	**7,556**	**1,985**	**514**	**1,292**	**11,347**
Gross trade receivables as at 31 December 2023	6,452	2,169	280	3,615	12,516
Allowance for doubtful receivables	–	–	–	(1,131)	(1,131)
Trade receivables as at 31 December 2023	**6,452**	**2,169**	**280**	**2,484**	**11,385**

The increase of trade receivables overdue but not impaired by more than 2 months amounting to €1.2 million is mainly related to the increase of the business with OEM customers with higher Days Sales Outstanding (DSO) compared to the retail market.

Foreign exchange risk

Exchange rate fluctuation risk is not considered significant. Although the Parent Company is based in UK, the most significant transactions of the Group are made in Euro, the currency used for the preparation of the consolidated financial statements. The only subsidiary based outside Europe is MotorK Israel Ltd, whose transactions are not material for Group purposes (mainly intercompany recharges).

Liquidity risk

Liquidity risk typically arises when an entity is having trouble finding sufficient funds to meet its obligations and includes the risk that the counterparties that have granted loans and/or lines of credit may request repayment. Prudent management of liquidity risk implies the maintenance of an adequate level of liquidity, short-term securities and the availability of funds obtainable through an adequate amount of credit lines.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

Liquidity risk continued

Toward this end, MotorK Group implemented a series of measures and actions, which made it possible for the Group to better manage its financial position, further strengthening its structure and solidity. The finance department periodically monitors Group financial position, cash flow and cash forecast to optimise resources and manage any temporary liquidity surpluses. The Board of Directors receive cash flow projections and cash flow analysis on a regular basis. For further details, please refer to Note 27 'Post Balance Sheets Events'.

It is worth mentioning that part of the capital received by the Group following the listing on Euronext Amsterdam was used to reimburse the financial liabilities in place at the date of the IPO. During 2021, the Group reimbursed loans for a total amount of €18.2 million. During January 2022, the Group completed the reorganisation of its financial structure, repaying the loan in place with Creval for €0.5 million and refinancing the loan with Illimity Banks by obtaining fresh liquidity for €1.8 million with a longer maturity date, reducing borrowing costs, and obtaining a new loan from SACE SIMEST for €0.3 million. During 2023, the Group entered into a loan with ATEMPO Growth, a venture capital company specialised in financing tech Group obtaining net €4.6 million of fresh liquidity to fuel the growth of the last quarter of the year and for FY2024.

Following such operations and the cash burn recorded during the year, as of 31 December 2023, the borrowing position is €21.3 million compared to a net cash short- and long-term position of €2.2 million as of 31 December 2022.

The following table provides an analysis of cash disbursements by the due date related to financial liabilities, based on contractual repayment obligations, as at 31 December 2023 and 2022:

€'000	As at 31 December 2023 within 1 year	2–5 years	Over 5 years	Contract value	Carrying amount
Financial liabilities	11,798	11,504	–	23,302	20,649
Lease liabilities	1,426	2,753	735	4,914	4,360
Trade and other payables	10,042	–	–	10,042	10,042

€'000	Restated As at 31 December 2022 within 1 year	Restated 2-5 years	Restated Over 5 years	Restated Contract value	Restated Carrying amount
Financial liabilities*	1,509	12,390	–	13,899	12,537
Lease liabilities	1,245	3,194	1,035	5,474	4,637
Trade and other payables	8,391	–	–	8,391	8,391

Interest rate risk

As at 31 December 2023, the exposure to interest rate risk is mainly related to the costs of the interest to be paid in relation to the loans in place with Illimity Bank for €7.5 million and with Atempo Growth for €5 million. An increase of Euribor of 1% has a negative impact on the profit and loss of the Group of roughly €81 thousand, not significant for Group purposes. As at 31 December 2022 an increase of Euribor of 1% has an impact on the profit and loss of the Group of roughly €75 thousand, not significant for Group purposes.

* Restated. Please refer to page 106 for further details.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables;
- Cash and cash equivalents;
- Trade and other payables;
- Current and non-current financial liabilities; and
- Current and non-current lease liabilities.

Financial assets

The following tables shows financial assets by category, as defined by IFRS 9, as at 31 December 2023 and 2022:

€'000	2023	2022
Financial assets at amortised cost		
Non-current assets – security deposit	234	194
Trade receivables	11,385	11,347
Other receivables	154	59
Cash and cash equivalents	3,509	19,223
Total	**15,282**	**30,823**

The carrying value of financial assets approximates fair value as there are no significant volatility of such assets and they are expected to be cashed in in a short-time period. There are no financial assets measured at FVTPL.

There are no material differences between the carrying value and the fair value of non-current assets – security deposit.

Trade receivables are stated net of provision for impairment. See note 16 for disclosure in respect of overdue trade receivables.

Financial liabilities

The following table show financial liabilities by category, as defined by IFRS 9, as at 31 December 2023 and 2022:

€'000	2023	Restated 2022
Financial liabilities		
Trade and other payables	10,042	8,391
Current financial liabilities*	10,655	1,074
Current lease liabilities	1,170	972
Non-current financial liabilities*	9,994	11,463
Non-current lease liabilities	3,190	3,665
Total	**35,051**	**25,565**

Current financial liabilities include contingent consideration for an amount of €5,1 million in FY2023 (€0,4 million classified in Current financial liabilities and €4,2 million classified within Non-current financial liabilities in FY2022) that are measured at FVTPL (please refer to the paragraph below).

The remaining part of Current and Non-current financial liabilities, current and Non-current lease liabilities are measured at amortised cost using the effective interest rate method.

Trade and other payables carrying value approximates fair value.

Fair value measurement hierarchy

The financial instruments measured at fair value are presented on the basis of the fair value hierarchy, described below:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – valuation techniques for which the inputs are unobservable for the asset or liability.

Contingent considerations, classified within current financial liabilities, amount to €5.1 million in FY2023 (€0.4 million classified in Current financial liabilities and €4.2 million classified within Non-current financial

* Restated. Please refer to page 106 for further details.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

Fair value measurement hierarchy continued

liabilities in FY2022). Contingent considerations are recorded at fair value based on actuals or estimates of discounted future cash flows associated. To the extent that the valuation of these liabilities is based on inputs that are less observable or not observable in the market (data for measuring fair value of such instruments are not readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market), the determination of fair value requires more judgment. Accordingly, the fair value of contingent consideration is classified within Level 3 of the fair value hierarchy. There were no transfers between fair value hierarchy levels for the periods presented. The change in fair value is re-measured at each reporting period with the change in fair value being recognized in profit and loss. The fair value remeasurement for contingent consideration for FY2023 was €1.3 million recognised within Personnel costs line item (refer to Note 10 for further details) in Consolidated Statement Profit and Loss and within Earn-out accrual line item (included within adjustments for non-cash items) in the Operating activities of the Consolidated Statement of Cash Flow (FY2022: The amount was immaterial).

9. REVENUE

Group revenue for the year ended 31 December 2023 amounted to €42.9 million, up 11% year-on-year (€38.5 million as at 31 December 2022).

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following tables. Please refer to the Financial and Operating Review section for further revenue disaggregation helpful to understand the performance of the Group.

	For the year ended 31 December 2023			
€'000	SaaS platform	Digital marketing	Other revenues	Total
Revenues by country*				
Italy	17,874	6,975	2,339	27,188
Spain	3,484	572	257	4,313
France	5,555	–	304	5,859
Germany	3,078	–	–	3,078
Benelux	2,502	–	–	2,502
Total	**32,493**	**7,547**	**2,900**	**42,940**

* It represents revenues broken down by the countries in which the legal entities are established, independently of the geographical location of the customers.

	For the year ended 31 December 2022			
€'000	SaaS platform	Digital marketing	Other revenues	Total
Revenues by country*				
Italy	16,930	6,673	2,409	26,012
Spain	3,732	537	160	4,429
France	4,674	–	594	5,268
Germany	1,281	–	1	1,282
Benelux	1,541	–	15	1,556
Total	**28,158**	**7,210**	**3,179**	**38,547**

Revenues related to SaaS platform contracts amounts to €32.5 million as at 31 December 2023, compared with €28.1 million as at 31 December 2022. Such revenues are mainly related of the following three products:

- WebSparK, the web module with high technical and design standards and 138 functionalities specifically developed for the automotive sector.
- StockSparK, a stock management module created to manage and import stock (i.e. a set of information data, images) from multiple sources and export it online to maximise visibility for prospective purchasers through the integration of external channels and the CRM module.
- LeadSparK, a customisable lead management, CRM and marketing automation system module, specifically developed to help dealerships and car manufacturers.

SaaS platform revenues are recognised on the basis of two different performance obligations implied in the agreements:

- point in time (€31.9 million in FY2023 and €27.6 million FY2022) at the date of the delivery of the access to the platform for which the costs necessary for the development, use and basic operation of the product have already been incurred; and
- over the time (€0.6 million in FY2023 and €0.5 million FY2022) of the agreement in relation to the post-contract support activities.

Digital marketing revenues amounting to €7.5 million as at 31 December 2023, compared with €7.2 million as at 31 December 2022, are related to services for the dealer in order to acquire enhanced online traffic.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9. REVENUE CONTINUED

Disaggregation of revenue continued

Other revenues amounting to €2.9 million as at 31 December 2023, compared with €3.2 million as at 31 December 2022, mainly include €1.2 million related to some services provided to OEM customers not identifiable with the previous categories.

10. GROUP OPERATING LOSS

Group operating loss is stated after charging/(crediting) the following:

€'000	2023	2022
Cost for customers' media services	7,515	7,028
Personnel costs	34,201	29,864
R&D capitalisation	(9,342)	(8,707)
Other operating costs	16,347	15,216
Amortisation and depreciation	8,741	8,013
Total costs	**57,462**	**51,414**

Personnel costs, excluding Directors' remuneration, are shown in the following table:

€'000	2023	2022
Wages and salaries	22,951	19,215
Social security costs	7,105	5,943
Employee benefit pension cost	603	758
Severance indemnity	292	526
Earn-out payments costs	2,048	1,879
Stock option plan cost	1,202	1,543
Total	**34,201**	**29,864**

The increase of the caption wages and salaries compared with last year is function of the run-rate of personnel costs impact on Q4 2022 whose costs is entirely booked in the profit and loss of the Group for FY2023 and the increase of bonus accrued compared to the previous year for roughly €1 million. Wages and salaries include the directors' emoluments paid in 2023 (full details are given in the Directors' Remuneration Report on pages 76–82). For the disclosure related to the highest paid Director, please refer to the Directors' Remuneration Report. The average number of employees (directly employed by the subsidiaries of the Group) for the FY2023 is 451 (422 in FY2022).

Stock option plan cost includes the accrual of the stock option costs as required by IFRS 2. Further details are provided in note 23. Severance indemnity, earn-out payments and stock option plan cost are considered exceptionals for the purpose of definition of Adjusted EBITDA as not strictly inherent to business performance of the Group (please refer to the disclosure provided in the paragraph Adjusted EBITDA of the Financial and Operating Review section page 39).

Earn-out payment costs are related to expenses accrued on a straight-line basis on the basis of the earn-out mechanism in place with the previous shareholders of the Company acquired in December 2021 and in the year 2022. In particular, IFRS 3 provides that contingent considerations that are automatically forfeited if key employees terminate is not considered as part of the consideration paid but as remuneration for post-combination services.

Other operating expenses financial statement line includes mainly:
- consultant fees for legal, fiscal and administrative HR consultants and R&D activities of approximately €5.5 million (€6 million for the year ended 31 December 2022);
- software costs for €3.7 million (€2.3 million for the year ended 31 December 2022);
- server costs for €1.8 million (€1.3 million for the year ended 31 December 2022);
- travel costs for €1 million (€0.7 million for the year ended 31 December 2022);
- events for €0.3 million (€0.4 million for the year ended 31 December 2022);
- insurance costs for €0.3 million (€0.4 million for the year ended 31 December 2022);
- exceptional costs for €0.8 million (€1.1 million for the year ended 31 December 2022); and
- other costs not included in the above categories for €2.9 million (€3 million for the year ended 31 December 2022).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10. GROUP OPERATING LOSS CONTINUED

Exceptional costs are related to costs incurred for M&A and exceptional projects completed during the year and as a consequence not strictly inherent to business performance of the Group.

Adjusted EBITDA is then calculated as follows: operating loss plus amortisation, depreciation, exceptional costs, severance indemnity, stock option plan cost and earn-out payments costs (as disclosed above).

The increase compared with last year is mainly related to change of the consolidation area of the Group compared to the previous period (FusionIT NV and ICO International Gmbh fully consolidated in the profit and loss of FY2023 and GestionaleAuto.com S.r.l. consolidated from June 2023).

The fees of the Group's auditor for services provided are analysed below:

€'000	2023	2022
Audit of the Group's financial statements	230	183

Amortisation and depreciation expenses includes:

- amortisation of intangible assets of approximately €7.3 million for the year ended 31 December 2023 (€6.8 million for the year ended 31 December 2022) mainly related to development costs capitalised; and
- depreciation of tangible assets for approximately €1.4 million for the year ended 31 December 2023 (€1.2 million for the year ended 31 December 2022).

11. FINANCE INCOME AND EXPENSE

Finance income and expense are shown in the following tables:

€'000	2023	2022
Interest received on bank deposits	30	8
Gain on foreign exchange	27	223
Total finance income	**57**	**231**

€'000	2023	2022
Bank loans	784	481
Loss on foreign exchange	48	228
Other loans	151	14
Net interest expense on defined benefit pension scheme	71	25
Other finance expense	43	487
Total finance expense	**1,097**	**1,235**

The net gain from foreign exchange is related to the fluctuation of the exchange rate euro/Israelian shekel in relation to some intercompany transactions denominated in ILS completed during the year.

Bank loans include the interest paid during the year for the loans in place. The increase compared to the previous period is related to the increase of the Euribor applied as the basis for the financial loan in place with Illimity bank. Other loans mainly include the interests paid for the new loan with ATEMPO Growth for €0.1 million.

Other finance expense includes mainly the interests related to the application of IFRS 16.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12. CORPORATE INCOME TAX

Corporate income taxes are shown in the following table:

€'000	2023	2022
Current tax on profits for the period	–	–
R&D tax grants	547	306
Foreign subsidiaries' income taxes	(487)	(621)
Movements in tax provisions	2,023	2
Total current tax	**2,083**	**(313)**
Origination and reversal of temporary differences	232	173
Total deferred tax	**232**	**173**
Corporate income tax	**2,315**	**(140)**

The caption R&D tax grants is related to tax grants recognised by Italian tax authorities in relation to R&D expenses incurred during the year.

Foreign subsidiaries, income taxes include the accrual for corporate income taxes to be paid mainly in France, Portugal, Germany and Spain.

Movements in tax provisions amounts to €2 million and includes the partial release of the provision accrued in FY2021 and FY2022 for the payment of corporate income tax in Israel. An assessment performed by management of the Group's transfer pricing model to be applied within the Group's subsidiaries (among the other potential possible options that were considered to be less in line with the Group structure and organisation), with the assistance of tax experts in this matter, results in a final calculation that has determined a lower amount of tax to be paid and consequently the provision has been partially released to the income statement.

The Group has estimated trading losses carried forward in the UK for an amount of approximately €20 million and in Italy for an amount of approximately €30 million. Punctual computation will be prepared by management in light of the presentation of the income tax return in each country. Deferred tax assets of approximately €13.5 million have not been recognised due to the uncertainty in the timing in which such loss will be utilised.

The income taxes for the year are reconciled with the theoretical tax burden in the following table:

€'000	2023	2022
Profit/(loss) before tax (discontinued and continuing operations)	(15,562)	(7,137)
Tax using the Company's domestic tax rate of 25.0% (19.0% in FY2022)	(3,891)	(1,356)
R&D expenditure credit	(547)	(306)
Foreign subsidiaries income taxes	487	621
Movements in tax provisions[1]	893	(2)
Unrecognised deferred tax assets	1,251	3,115
Capital gain DriveK business combination[2]	–	(1,872)
Utilised tax losses carried forward	(745)	–
Other permanent differences[3]	350	–
Other movements	(113)	(60)
Total tax (credit)	**(2,315)**	**140**

1 It is related to €2.9 million to higher taxable income resulting from applying the tax rules of the relevant jurisdiction to the transfer pricing model in place, net of €2 million related to movements in tax provisions described above.

2 Contribution in-kind made by MotorK Italia S.r.l. to AutoXY S.p.A. in the context of the business combination related to the selling of the DriveK business unit is neutral from a fiscal perspective in accordance with Italian tax legislation. As a consequence, loss before tax from a fiscal perspective is higher of roughly €1.8 million compared to the loss booked in the consolidated financial statements and profit and loss statements.

3 Other permanent differences are related to the fact that the taxable income in some jurisdictions where the Group operates (and related application of the updated transfer pricing model), is higher than the loss recognised in the accounts due to the application of the relevant tax legislation (and therefore no timing differences are arisen).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. INTANGIBLE ASSETS

Details of intangible assets increase and decrease for the years ended 31 December 2023 and 2022 are provided in the following table:

€'000	Customer relationships	Trademark	Development costs and software	Goodwill	Total
Cost					
As at 1 January 2022	**3,123**	**70**	**14,556**	**7,880**	**25,629**
Additions – internally generated	–	–	8,707	–	8,707
Additions	–	–	53	–	53
Acquired through business combinations	2,774	994	879	10,285	14,932
Assets classified as held for sale	–	–	3,422	–	3,422
As at 31 December 2022	**5,897**	**1,064**	**27,617**	**18,165**	**52,743**
Additions – internally generated	–	–	9,342	–	9,342
Additions	–	–	15	–	15
Acquired through business combinations	1,160	398	516	5,607	7,681
As at 31 December 2023	**7,057**	**1,462**	**37,490**	**23,772**	**69,781**
Accumulated amortisation and impairment					
As at 1 January 2022	**476**	**1**	**7,199**	**–**	**7,676**
Charge for the year	466	115	6,232	–	6,813
Assets classified as held for sale	–		1,497	–	1,497
As at 31 December 2022	**942**	**116**	**14,928**	**–**	**15,986**
Charge for the year	631	208	6,479	–	7,318
As at 31 December 2023	**1,573**	**324**	**21,407**	**–**	**23,304**
Net book value					
As at 1 January 2022	**2,647**	**69**	**7,357**	**7,880**	**17,953**
As at 31 December 2022	**4,955**	**948**	**12,689**	**18,165**	**36,757**
As at 31 December 2023	**5,484**	**1,138**	**16,083**	**23,772**	**46,477**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. INTANGIBLE ASSETS CONTINUED

Customer relationship

The customer relationship amounts to €5.5 million as at 31 December 2023 (€4.9 million as at 31 December 2022). The increase is related to the fair value of customer relationship arising from the allocation of the consideration paid for the acquisition made during FY2023 of GestionaleAuto.com for €1.2 million net of the amortisation of the year. Management has assessed that there are no impairment indicators and therefore it is not necessary to prepare an impairment test, the reasons being the good performance in terms of revenues and EBITDA of the Group.

Trademark

Trademark costs amounted to €1.1 million as at 31 December 2023 (€0.9 million as at 31 December 2022) and this is related to the fair value allocated using the Relief-from-Royalty method to part of the consideration paid for the acquisition of GestionaleAuto.com for €0.4 million net of the amortisation of the year.

Development costs

Development costs amounting to €16.1 million as at 31 December 2023 (€12.7 million as at 31 December 2022) are due to the Group developing most of its technology and applications in-house. Such costs are related to continued development of new product offerings, applications, features and enhancements to existing digital services and solutions in the two dedicated hubs in Italy and Portugal. The main projects where the R&D team was involved during the year are the following:

- Leadspark and Leadspark 2 development: improvements of the new version of the CRM with new features and with an improvement in terms of user experience;
- Webspark Sales and Webspark (R)evolution: improvements of Webspark Sales website performance and its adaptability to the Platform.

Due to the results of the year, development costs were subject to an impairment test, taking into account past economic and financial performance and future expectations inferable from the business plan 2024–2026. The results of the impairment test did not reveal any impairment loss.

Goodwill

Goodwill booked in the consolidated financial statements as at 31 December 2023 amounts to €23.8 million (€18.2 million as at 31 December 2022). The increase compared with last year is related to the fair value allocated to residual goodwill generated by the acquisition of GestionaleAuto.com made during the FY2023 for €5.6 million.

In accordance with IAS 36, goodwill is not amortised and is tested for impairment annually or more frequently if facts or circumstances indicate that the asset may be impaired. Impairment testing is performed by comparing the carrying amount and the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of its fair value less costs to sell and its value in use. To this end, for the purpose of verifying the recoverability of goodwill recorded under intangible assets, a single CGU has been identified, consisting of all the operating activities of the Group as a whole (the DriveK business unit was classified as a discontinued operation and sold during FY2022).

The recoverable amount of the CGU is determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes in margins. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

As at 31 December 2023, goodwill was subjected to an impairment test taking into account past economic and financial performance and future expectations inferable from the business plan 2024–2026. Beyond that period, operating cash flows are assumed to grow at 1.9% annually. The risk adjusted pre-tax rate (WACC) used to discount the CGU cash flow forecasts is 12.34%. For the purposes of estimating the value in use of the CGU to which the goodwill is allocated, both internal and external sources of information were used.
The results of the impairment test on goodwill as at 31 December 2023 did not reveal any impairment loss.

In assessing the value in use of the CGU, management has considered the potential impact of possible changes in the main assumptions used. A sensitivity analysis was carried out by determining the break-even point WACC, which, keeping the other parameters constant, would render the difference between the recoverable amount and the carrying amount of the CGU as nil. In these circumstances, the break-even point WACC is 16.07%. Further sensitivity analysis were prepared by management on break-even EBITDA margin in terminal value and long term growth rate, keeping the other parameters constant. Break-even EBITDA margin in terminal value is 30.64%. A reduction of 0.2% of long term growth rate results in a decrease of headroom of €1.5 million with no effect on the results of impairment test.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. PROPERTY, PLANT AND EQUIPMENT

€'000	Leasehold land and buildings	Fixtures and fittings	Motor vehicles	Computer equipment	Right-of-use assets	Total
Cost						
As at 1 January 2022	**349**	**123**	**1**	**376**	**5,440**	**6,289**
Additions	60	30	–	225	2,437	2,752
Acquired through business combinations		40	26	16	433	515
Disposals				(9)	(341)	(350)
As at 31 December 2022	**409**	**193**	**27**	**608**	**7,969**	**9,206**
Additions	–	22	7	94	1,017	1,140
Acquired through business combinations	–	11	–	27	57	95
Disposals	–	(17)	–	(14)	(488)	(519)
As at 31 December 2023	**409**	**209**	**34**	**715**	**8,555**	**9,922**
Accumulated depreciation						
As at 1 January 2022	**285**	**75**	**1**	**198**	**2,654**	**3,213**
Charge for the year	42	13	5	102	1,038	1,200
Depreciation on disposals	–	–	–	(7)	(200)	(207)
As at 31 December 2022	**327**	**88**	**6**	**293**	**3,492**	**4,206**
Charge for the year	16	20	12	121	1,254	1,423
Acquired through business combinations	–	–	–	–	34	34
Depreciation on disposals	–	–	–	–	(298)	(298)
As at 31 December 2023	**343**	**108**	**18**	**414**	**4,482**	**5,365**
Net book value						
As at 1 January 2022	**64**	**48**	**–**	**178**	**2,786**	**3,076**
As at 31 December 2022	**82**	**105**	**21**	**315**	**4,477**	**5,000**
As at 31 December 2023	**66**	**101**	**16**	**301**	**4,073**	**4,557**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Right-of-use assets amounting to €4.1 million as at 31 December 2023 (€4.5 million as at 31 December 2022) are related to the application of IFRS 16 to the lease of the offices of the Group subsidiaries and the lease of cars assigned to the employees. The overall decrease of €0.4 million is due to the following offsetting reasons: €0.6 million is mainly related to new car leases and the renewal of some offices of the Group net of €1 million of depreciation booked during the year.

Right-of-use by underlying asset mainly refers to (i) automobiles for €0.9 million as of 31 December 2023 (€0.6 million as of 31 December 2022) and to (ii) office rental for €3.2 million as of 31 December 2023 (€3.9 million as of 31 December 2022). Total depreciation of the year amount to €1.3 million (FY2022 €1 million) of which €0.8 million (FY2022 €0.6 million) related to office rental and €0.5 million ((FY2022 €0.4 million) related to automobiles. In 2023, the expense relating to low value assets leases (mainly laptops) and short term lease amounted to €0.1 million (€0.1 million in 2022).

15. INVESTMENTS IN ASSOCIATES AND NON-CURRENT ASSETS – SECURITY DEPOSIT

Investments in associated companies amounts to €3.5 million and it represents the investment in the 20% of AutoXY S.p.A. arisen from the business combination related to the sale of the DriveK Business Unit. Details are provided below in note 24.

Due to the positive EBITDA of AutoXY S.p.A. during FY2023, the business growth and the future positive expectaction of the management, no impairment test has been prepared as no impairment indicators were identified in the current period.

Non-current assets – security deposit amounts to €0.2 million as at 31 December 2023 (€0.1 million as at 31 December 2022) and includes deposits made by the Group mainly for the rental of the offices of the subsidiaries.

16. CONTRACT ASSETS AND TRADE AND OTHER RECEIVABLES

Contract assets and trade and other receivables are shown in the following table:

€'000	2023	2022
Non-current contract assets	5,654	7,294
Contract assets – current portion	19,194	13,440
Total contract assets	**24,848**	**20,734**
Trade receivables	11,385	11,347
Prepayments	1,103	889
Other receivables	160	86
Tax receivables	757	736
Total trade and other receivables	**13,405**	**13,058**

Contract assets

As already mentioned in note 9, the financial statement line item contract assets is related to the application of IFRS 15 on SaaS platform revenue agreements and represents accrued income as at the reference date.

Revenues related to the SaaS platform are related to multi-year contracts (12, 24 or 36 months) are recognised in the moment in which the access to the platform are granted to the customers and therefore a related contract asset arises. Contract assets are subsequently billed on a monthly or quarterly basis for the duration of the agreement with the customer.

The split between current and non-current portions depends on the duration of the agreement.

The increase compared to the previous year is related to the increase of SaaS platform revenue.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16. CONTRACT ASSETS AND TRADE AND OTHER RECEIVABLES CONTINUED

Contract assets continued

Movements in the contract assets during FY2023 are as follows:

- Contract assets as at 31 December 2022: €20.7 million.
- SaaS recurring revenue (please refer to the Financial and Operating Review section for further details) recognised during FY2023: €32.3 million.
- Contract assets billed during the FY2023: €28.2 million.
- Contract assets as at 31 December 2023: € 24.8 million.

Movements in the contract assets during FY2022 are as follows:

- Contract assets as at 31 December 2021: €13.6 million.
- SaaS revenue (please refer to the Financial and Operating Review section for further details) recognised during FY2022: €27.1 million.
- Contract assets billed during the FY2022: €19.9 million.
- Contract assets as at 31 December 2022: € 20.7 million.

Trade and other receivables

Trade receivables as at 31 December 2023 amounted to €11.4 million compared to €11.3 million as at 31 December 2022.

As at 31 December 2023, trade receivables of €4.9 million (€3.8 million as at 31 December 2022) were overdue but not impaired (of which €2.4 million by less than two months and €2.5 million by more than two months as reported at Note 8). Such not impaired receivables are related to the customers with no default history. The increase of overdue receivables not impaired amount to €1.2 million. As above mentioned such increase is mainly related to the increase of business with OEM with an average higher DSO compared to the retail market.

The impairment allowance is a specific provision as provided by IFRS 9, when it is necessary to accrue a bad debt provision.

Movements in the impairment allowance for trade receivables are as follows:

€'000	2023	2022
As at 1 January	**533**	**247**
Increase during the year	236	180
Receivables written off during the year as uncollectable	–	(31)
Increase related to business combinations	362	18
Impairment allowance for trade receivables classified previously as held for sale	–	119
As at 31 December	**1,131**	**533**

Prepayments include mainly invoices received related to costs of FY2024.

Tax receivables include mainly the R&D tax grants recognised by Italian tax authorities in relation to R&D expenses for €0.5 million.

17. CASH AND CASH EQUIVALENTS

The caption cash and cash equivalents amounting to €3.5 million (€19.2 million as at 31 December 2022) is related to cash available in bank accounts of the Group subsidiaries. The amount includes €0.1 million of cash deposited onto prepaid cards used by employees as petty cash as at 31 December 2023 (€0.3 million as at 31 December 2022).

For details of changes during the analysed periods, please refer to the Consolidated Statement of Cash Flow.

Cash and cash equivalents are deposited with top-rated banks.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

18. TRADE AND OTHER PAYABLES AND TAX PAYABLE

Trade and other payables include:

€'000	2023	2022
Trade payables	2,250	2,694
Accruals	1,437	2,465
Total trade payables	**3,687**	**5,159**
Other payables including tax and social security payments (including bonus accruals)	9,393	6,862
Total current trade and other payables	**13,080**	**12,021**

The carrying value of trade and other payables measured at amortised cost approximates fair value.

Trade payables amount to €2.2 million as at 31 December 2023, compared with €2.7 million as at 31 December 2022.

Accruals include invoices to be received for service rendered in 2023. The decrease compared to the previous period is mainly related to the fact that as at 31 December 2022, the Group has accrued certain costs entirely recharged to AutoXY S.p.A., in the context of the selling of the business unit DriveK. Such accruals were related to contract with suppliers still headed to MotorK Group in December 2022 (the month in which the business has been disposed) that has been reassigned by AutoXY S.p.A. early in 2023.

Other payables amounting to €9.4 million as at 31 December 2023 (€6.9 million as at 31 December 2022) includes:

- contract liabilities of €3 million (€2 million last year). This is mainly related to the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December related to the post-contract support activities. Changes during FY2023 are the following: increase for €2.1 million and release to profit and loss for €1.5 million. Changes during FY2022 are the following: increase for €1.5 million and release to profit and loss for €1 million;
- liabilities towards employees for bonuses to be paid in 2023 for €1 million (€0.5 million last year);
- emoluments to be paid to the directors for €0.1 million (€0.1 million last year);
- other liabilities towards employees and related social security charges of approximately €4.9 million (€3.9 million last year). Increase of the year is mainly related to the increase of average of FTE within the Group; and
- other minor liabilities for €0.4 million (€0.4 million last year).

€'000	2023	2022
Corporate tax liabilities	37	3,041
VAT liabilities	2,536	801
Total tax payable	**2,573**	**3,842**

The decrease of corporate tax liabilities refers to the release of the provision booked in FY2021 and FY2022 for income tax in Israel for €2 million and for the net between payments done during FY2023 and the tax provisions accrued at the end of the year.

VAT liabilities is mostly composed by VAT debt position of the subsidiaries in Italy, Germany, Spain and France. The increase is mainly related to VAT liabilities of the last months of FY2023 that will be paid in FY2024.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities include:

€'000	2023	Restated 2022
Bank loan	1,860	65
Loan with other financial institutions	341	–
Other financial liabilities*	8,454	1,009
Total current financial liabilities*	**10,655**	**1,074**
Current lease liabilities	**1,170**	**972**
Bank loan	5,707	7,534
Loan with other financial institutions	4,287	–
Other financial liabilities*	–	3,929
Total non-current financial liabilities*	**9,994**	**11,463**
Non-current lease liabilities	**3,190**	**3,665**

Bank loan and Loan with other financial institutions

The following table sets forth the breakdown of bank loans by counterparty for the years ended 31 December 2023 and 2022:

	2023		2022	
€'000	Current	Non-current	Current	Non-current
Illimity Bank	1,813	5,405	–	7,202
Atempo Growth	341	4,287	–	–
Sace	–	300	–	300
Belfius	29	–	47	26
ING Direct	18	–	18	–
CIC Sud Ouest	–	2	–	6
Total	**2,201**	**9,994**	**65**	**7,534**

* Restated. Please refer to page 106 for further details.

Main changes of the year are reported below:

- Entered into a financial loan with Atempo Growth for €4.6 million (net of costs incurred) in October 2023 to fuel the growth of the business for the third quarter of the year and for FY2024 with a four-year duration and a variable interest rate equal to Euribor 3m plus the spread. No financial covenants in place. Standard pledged are ensured to ATEMPO Growth in the context of the agreement entered into by the parties.

The financial loan in place with Illimity Banks amounts to €7.2 million, with a five-year duration and a 0.290 bps margin on Euribor, provides the following financial covenants to be tested annually, starting from December 2022:

- leverage ratio (net financial position/EBITDA); and
- gearing ratio (net financial position/net equity).

Following the negative Adjusted EBITDA reported for the year ended as at 31 December 2023 and, in the context of the €5 million top up obtained from Atempo Growth (please refer to Note 27 Post Balance Sheet Events on page 136 for further details), MotorK has obtained from Illimity Banks the waiver of testing the financial covenants in place as at 31 December 2023. The first testing date will be then 31 December 2024.

The loan provides with a quarterly instalments repayment plan starting from March 2024. and it is guaranteed by SACE SIMEST for 90% of the value. The loan in place with SACE-Simest for €0.3 million was entered into in September 2022 to sustain the digitalisation process of the Group with a six-year duration and a 0.081% interest rate. No financial covenants in place.

Other Bank loan and Loan with other financial institutions with Belfius, ING Direct and CIC Sud Ouest are related to minor financing in place in the Company acquired during the year 2022 and will be closed during the first half of FY2024.

Other financial liabilities

Other current financial liabilities include €3.2 million related to the deferred consideration to be paid for the acquisition of GestionaleAuto.com (refer to note 25 for further details) (€0.5 million in FY 2022 of deferred consideration related to the acquisition of Ico International Gmbh), €5.1 million of contingent consideration related to the acquisition done in the previous years (€4.2 million in FY2022) and €0.1 million related to credit cards repaid in the first month of FY2024 (€0.2 million in FY2022).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES CONTINUED

Other financial liabilities continued

The changes in financial liabilities, excluding lease liabilities, are shown below:

€'000	Total
Financial liabilities at 1 January 2022	**7,162**
Drawdowns of new loan and CEN	(594)
New bank loan	2,101
New bank loan obtained through business combinations	98
Change in other financial liabilities	700
Cash changes	**2,305**
Other non cash movements	3,070
Financial liabilities at 31 December 2022*	**12,537**
Repayment of existing loans	(47)
New loan with other financial institutions	4,831
Change in other financial liabilities**	(801)
Cash changes	**3,983**
Other non cash movements***	4,129
Financial liabilities at 31 December 2023	**20,649**

* Restated. Please refer to page 106 for further details.
** It includes the payment of the considerations related to the acquisition of ICO International Gmbh and FusionIT NV.
*** It includes €3.2 million for the increase of financial liabilities due to the deferred consideration related to the acquisition of Gestionale Auto.com S.r.l. (please refer to Note 25 for further details), and €1.2 million for the increase of contingent consideration during FY2023 net of €0.3 million of other non material non cash movements.

Changes compared with last year are already discussed above.

Finance lease liabilities are secured on the assets to which they relate and are related to the IFRS 16 application, starting from 1 January 2019, on lease agreements in place for offices of the Group subsidiaries and for cars assigned to employees.

The leases within the scope of IFRS 16 relate to properties and motor vehicles. In 2023, the expense relating to low-value assets leases (mainly laptops) and short term lease amounted to €0.1 million (€0.1 million in 2022).

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental external borrowing rate for the particular asset and level of security. After the initial measurement lease liabilities are increased as a result of interest charged and reduced for lease payments made.

The Group leases office buildings where payments are fixed until the contracts expire. The Group also leases motor vehicles where payments can be increased if actual mileage is higher than the contracted rates. There is no other variability in respect of payments and there is not considered to be any significant judgement in relation to the lease terms.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES CONTINUED

Other financial liabilities continued

The following table provides details of lease liabilities:

€'000	Land and buildings	Motor vehicles	Total
Lease liabilities			
As at 1 January 2022	**2,493**	**343**	**2,836**
Cash items:			
Lease payments	(763)	(308)	(1,071)
Non-cash items:			
New leases in the year	1,921	516	2,437
New leases through business combinations	388	45	433
Reduction for disposal of lease	(130)	(11)	(141)
Interest expense	119	24	143
As at 31 December 2022	**4,028**	**609**	**4,637**
Cash items:			
Lease payments	(864)	(473)	(1,337)
Non-cash items:			
New leases in the year	336	681	1,017
New leases through business combinations	23	–	23
Reduction for disposal of lease	(191)	–	(191)
Interest expense	171	40	211
As at 31 December 2023	**3,503**	**857**	**4,360**

The following table provides details of the Group's lease liabilities:

	As at 31 December	
€'000	2023	2022
Repayables as follows:		
Under or equal to 1 year	1,170	972
> 1–5 years	2,502	2,718
Greater than 5 years	688	947
Total	**4,360**	**4,637**

20. EMPLOYEE BENEFITS LIABILITIES

Staff severance indemnity, mandatory pursuant to art. 2120 of the Italian civil code, is a deferred compensation and is based on the years of service of the employee and on the compensation received during the period of service. No other significant pension provisions other than staff severance indemnity booked in the Italian subsidiaries of the Group are included within such caption.

According to the national law, the deferred compensation to be paid when an employee leaves the entity is based on the number of years of service of the employee and on the taxable remuneration earned by the employee during the service period, i.e. the capital accumulated when the employment ends. The provisions are due in the event of retirement, death, invalidity or resignation. During the periods analysed there were no special events, such as restructuring plans, reductions or regulations.

Employee benefit plan costs slightly decreased by €0.1 million as at 31 December 2023 compared with 31 December 2022. According to IAS 19, the liability was determined by an actuarial calculation. The effect of the actuarial loss, amounting to €0.01 million for the year ended 31 December 2023 (profit of €0.7 million for the year ended 31 December 2022), has been recognised in other comprehensive income (OCI).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20. EMPLOYEE BENEFITS LIABILITIES CONTINUED

The following table sets forth the maturity profile of the Defined Benefit Obligation:

Maturity profile of Defined Benefit Obligation	€'000
Years	
Expected benefit payments during the fiscal year ending 31 December 2024	148
Expected benefit payments during the fiscal year ending 31 December 2025	111
Expected benefit payments during the fiscal year ending 31 December 2026	130
Expected benefit payments during the fiscal year ending 31 December 2027	148
Expected benefit payments during the fiscal year ending 31 December 2028	167
Expected benefit payments during the fiscal year ending 31 December 2029 through 31 December 2033	1,605

The amounts recognised in the Statement of Financial Position are as follows:

€'000	2023	2022
Present value of obligation	(2,309)	(1,895)
Fair value of scheme assets	–	–
Employee benefit liability	**(2,309)**	**(1,895)**

The amounts included within the Statement of Comprehensive Income are as follows:

€'000	2023	2022
Current service costs	603	758
Amount included in personnel costs	**603**	**758**
Interest on pension liabilities	71	25
Amount included in finance cost	**71**	**25**

Analysis of the amount recognised in Statement of Total Comprehensive Income:

€'000	2023	2022
Experience (loss)/gain on liabilities	(49)	679
Net (loss)/gain	**(49)**	**679**

Changes in the present value of the employee benefit obligation are as follows:

€'000	2023	2022
Opening employee benefit obligation	1,895	2,069
Service cost – continuing operations	603	758
Interest cost	71	25
Actuarial gain/(loss)	49	(679)
Benefit paid	(402)	(314)
Other movements	93	36
Closing employee benefit obligation	**2,309**	**1,895**

Expected payments for the year ended 31 December 2024 for the Group amount to €0.1 million.

One of the main assumptions is the discount rate, which should be based on the returns available on high-quality corporate bonds at the accounting date with a term corresponding to that of liabilities. The other assumptions should be chosen to reflect a better estimate of future long-term experience. IAS 19 does not define 'high quality', but generally means a security rating of AA.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20. EMPLOYEE BENEFITS LIABILITIES CONTINUED

The financial assumptions used for this report at the end of the fiscal year are:

- Discount rate: corporate bonds of appropriate duration and quality should be considered in order to determine a discount rate appropriate for IAS purposes. The discount rates used for assessing current and previous assessments were chosen based on the Willis Towers Watson (scheme actuaries) rate;
- Inflation: the assumed rate of price inflation was assessed by reference to the inflation of the target price set by the European Central Bank over the medium term with a country-specific adjustment; and
- Increase in remuneration: the hypothesis was selected in agreement with the Company.

Principal assumptions at the Statement of Financial Position date (expressed as weighted averages) are as follows:

	2023	2022
Discount rate	3.20%	3.70%
Rate of retail price inflation	2.25%	2.25%
Rate of increase in salaries	3.25%	3.25%

The amount for the current and previous periods are as follows:

€'000	2023	2022
Employee benefits obligation	(2,309)	(1,895)
Scheme assets	–	–
(Deficit)	(2,309)	(1,895)
Experience adjustments on scheme liabilities	(49)	679

Sensitivity analysis of the value of employee benefits liabilities is shown below:

€'000	2023	2022
Base case	2,305	1,895
Discount rate +0.5%	163	138
Discount rate -0.5%	(145)	(122)

€'000	2023	2022
Base case	2,305	1,895
Salary rate +0.5%	39	47
Salary rate -0.5%	(38)	(88)

€'000	2023	2022
Base case	2,305	1,895
Price inflation +0.5%	56	47
Price inflation -0.5%	(60)	(88)

21. DEFERRED TAX LIABILITIES

Deferred tax liabilities are calculated in full-on temporary differences under the liability method using the tax rate of the country in which such differences have arisen.

The movement of deferred tax liabilities is shown below:

€'000	2023	2022
As at 1 January	**1,471**	**659**
Business combination	554	986
Recognised in profit and loss	(234)	(174)
As at 31 December	**1,791**	**1,471**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21. DEFERRED TAX LIABILITIES CONTINUED

Details of deferred tax liabilities are shown below:

€'000	2023	2022
Other	426	274
Customer relationship	1,365	1,197
Total	**1,791**	**1,471**

The increase compared with last year is mainly related to the deferred tax liabilities arising from the fair value of the intangible assets arising from the purchase price allocation exercise in relation to the consideration paid for the acquisition of GestionaleAuto.com.

22. PROVISIONS

Other non-current liabilities and provisions include:

€'000	2023	Restated 2022
Current provisions*	120	153
Non-current provisions*	57	142
Total	**177**	**295**

Provisions classified within liabilities amounts to €0.2 million (€0.3 million as at 31 December 2022) and includes the provision for certain risk mainly related to litigations in place with some employees who left MotorK and whose level of risk is assessed as probable by management. The amount is in line with last year.

€'000	2023	Restated 2022
Current provisions as at 1 January	**153**	**366**
Release of the period	(262)	(336)
Business combination	89	–
Provision for the period	115	123
Reclassification from non-current provision	25	–
Current provisions as at 31 December	**120**	**153**

€'000	2023	Restated 2022
Non-current provisions as at 1 January	**142**	**–**
Reclassification to current provision	(25)	–
Business combination	–	120
Provision/(release) for the period	(60)	22
Non-current provisions as at 31 December	**57**	**142**

* Restated. Please refer to page 106 for further details.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. SHAREHOLDERS' EQUITY

Share capital

The share capital is composed as follows:

	2023			2022		
	Value (€'000)	Number	Value per share (€)	Value (€'000)	Number	Value per share (€)
Ordinary shares	407	40,702,185	0.01	403	40,310,252	0.01
Total	**407**	**40,702,185**	**0.01**	**403**	**40,310,252**	**0.01**

During the financial year 2023 share capital changed due to the following items:

- issue of 1,310,043 shares related to the reserved capital increase of €3 million (of which €13 thousand as share capital and €3 million as share premium) with Lucerne to further bolster the Group's external growth strategy;
- issue of 447,769 shares related to the exercise of stock-option assigned to the employees resulting in €1.5 million of which €4 thousand as share capital and €1.5 million as share premium;
- issue of 31,370 shares related to the earn-out assigned to the former shareholders of Dapda and Dapda Media resulting in €0.2 million of which €0.3 thousand as share capital and €0.2 million as share premium;
- cancellation of 1,397,249 shares (resulting in €2.3 million of which €14 thousand as share capital and €2.3 million as share premium) related to the buy-back programme in place during the year 2023. On 18 July 2022, the AGM of MotorK Plc authorised to buy back its own ordinary shares by way of off-market purchases on Euronext Amsterdam and via block trades up to a maximum aggregate value of €3 million. This authorisation is limited to the maximum of 4,032,895 ordinary shares, representing approximately 10 per cent of the Company's issued ordinary share capital as at the date of the last AGM of the Company. Such provision has been renewed by the AGM held on 11 May 2023. Following the law provisions, the Group cannot hold treasury shares and therefore shares bought back are then cancelled. Pricing rules of such buy-back are public as the relevant agreement with the broker was approved by the AGM.

On 11 May 2023, AGM approved a capital reduction by way of the cancellation of an amount equal to €4 million standing to the credit of the Group's share premium account, to create additional distributable reserves, included in respect of the Programme. Such capital reduction implied a reduction of Share Premium and an increase of Retained Earnings without effect on the number of shares of the Company. On 18 July 2022, AGM approved a capital reduction by way of the cancellation of an amount equal to €4 million standing to the credit of the Group's share premium account, to create additional distributable reserves, included in respect of the Programme. Such capital reduction implied a reduction of Share Premium and a increase of Retained earnings without effect on the number of shares of the Company.

Share-based payments

The Group operates an equity-settled share-based remuneration scheme for employees, which comprises the Group Employee Share Option Plan.

During the year ended 31 December 2023, 1,044,646 (1,358,371 in 2022) options were granted to employees in the context of the Omnibus LTIP issued in 2022, providing a straight-line basis vesting over three or four years and subject to performance conditions, defined on the basis of Group performance decided year over year (for more details regarding performance conditions please refer to the disclosure done in the Remuneration Committee report of this Annual Report). As per the rules of the Plan, the FY2022 grant provide with different exercise price on the basis of the date of the grant:

- 261,613 options granted in January 2023 with an exercise price of €1.21 with a life of ten years;
- 653,333 options granted in June 2023 with an exercise price of €2.37 with a life of ten years;
- 25,000 options granted in 9 November 2023 with an exercise price of €2.73 with a life of ten years; and
- 104,700 options granted in 22 November 2023 with an exercise price of €2.79 with a life of ten years.

The Company has in place also the Original Share Option Plan issued before FY2022 providing a straight-line basis vesting over four years, with an exercise price of €0.34 and with a life of 10 years. More information related to the share option plans mentioned above are reported in the Remuneration Committee Report of this Annual Report.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. SHAREHOLDERS' EQUITY CONTINUED

Share-based payments continued

Original Share Option Plan

	2023		2022	
	Weighted average exercise price (€ cents)	Number	Weighted average exercise price (€ cents)	Number
Outstanding at 1 January	**34**	**3,224,385**	**34**	**3,201,583**
Subdivision of shares				
Granted during the year	–	–	34	345,353
Lapsed during the year[1]	34	(197,953)	34	(322,551)
Exercised during the year	34	(567,769)		
Outstanding at 31 December	**34**	**2,458,663**	**34**	**3,224,385**
Of which				
Vested		*2,173,462*		*2,337,087*
Unvested		*285,201*		*887,298*

1 The options lapsed when the beneficiary left the Company and in the case in which the performance conditions related to the grants are partially/totally not met.

Omnibus LTIP

a) Grant related to FY2022

	2023		2022	
	Weighted average exercise price (€)	Number	Weighted average exercise price (€)	Number
Outstanding at 1 January	**1.645/1.895**	**1,013,018**	**1.645**	**–**
Subdivision of shares				
Granted during the year	–	–	1.645	1,013,018
Lapsed during the year[1]	1.645/1.895	(350,000)	1.645	–
Outstanding at 31 December	**1.645/1.895**	**663,018**	**1.645**	**1,013,018**
Of which				
Vested		*190,673*		*–*
Unvested		*472,345*		*1,013,018*

1 The options lapsed when the beneficiary left the Company and in the case in which the performance conditions related to the grants are partially/totally not met.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. SHAREHOLDERS' EQUITY CONTINUED

Share-based payments continued

b) Grant related to January 2023

	2023		2022	
	Weighted average exercise price (€)	Number	Weighted average exercise price (€)	Number
Outstanding at 1 January	**–**	**–**	**–**	**–**
Subdivision of shares				
Granted during the year	1.21	261,613	–	–
Lapsed during the year[1]	–	–	–	–
Outstanding at 31 December	**1.21**	**261,613**	**–**	**–**
Of which				
Vested		*87,204*		–
Unvested		*174,409*		–

1 The options lapsed when the beneficiary left the Company and in the case in which the performance conditions related to the grants are partially/totally not met.

c) Grant related to June 2023

	2023		2022	
	Weighted average exercise price (€)	Number	Weighted average exercise price (€)	Number
Outstanding at 1 January	**–**	**–**	**–**	**–**
Subdivision of shares				
Granted during the year	2.37	653,333	–	–
Lapsed during the year[1]	2.37	(202,633)	–	–
Outstanding at 31 December	**2.37**	**450,700**	**–**	**–**
Of which				
Vested		–		–
Unvested		*450,700*		–

1 The options lapsed when the beneficiary left the Company and in the case in which the performance conditions related to the grants are partially/totally not met.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. SHAREHOLDERS' EQUITY CONTINUED

Share-based payments continued

d) Grant related to 9 November 2023

	2023		2022	
	Weighted average exercise price (€)	Number	Weighted average exercise price (€)	Number
Outstanding at 1 January	–	–	–	–
Subdivision of shares				
Granted during the year	2.73	25,000	–	–
Lapsed during the year[1]	2.73	(6,250)	–	–
Outstanding at 31 December	**2.73**	**18,750**	–	–
Of which				
Vested		–		–
Unvested		*18,750*		–

1 The options lapsed when the beneficiary left the Company and in the case in which the performance conditions related to the grants are partially/totally not met.

e) Grant related to 22 November 2023

	2023		2022	
	Weighted average exercise price (€)	Number	Weighted average exercise price (€)	Number
Outstanding at 1 January	–	–	–	–
Subdivision of shares				
Granted during the year	2.79	104,700	–	–
Lapsed during the year[1]	2.79	(26,175)	–	–
Outstanding at 31 December	**2.79**	**78,525**	–	–
Of which				
Vested		–		–
Unvested		*78,525*		–

1 The options lapsed when the beneficiary left the Company and in the case in which the performance conditions related to the grants are partially/totally not met.

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share-based remuneration scheme operated by the Group:

	2023 (Omnibus LTIP Jan 2023)	2023 (Omnibus LTIP Jun 2023)	2023 (Omnibus LTIP 9 Nov 2023)	2023 (Omnibus LTIP 22 Nov 2023)	2022 Omnibus LTIP	2022 Original Share Option Plan
Option pricing model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Weighted average share price at grant date (€)	0.7655	1.1306	1.2680	1.2680	0.7650	4.7800
Exercise price (€)	1.21	2.37	2.73	2.79	1.645/1.895	0.337
Weighted average contractual life (years)	10	10	10	10	10	10
Volatility	31.20%	31.59%	31.40%	31.40%	31.20%	31.20%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. SHAREHOLDERS' EQUITY CONTINUED

Share-based payments continued

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Historic volatility is estimated looking at the five-year, 50-day median volatility of a sample of comparable companies operating in the software industry listed on the European stock market (Euronext).

The share-based remuneration expense comprises:

€'000	2023	2022
Equity-settled scheme	1,202	1,543

The issuance of 447,769 shares related to the exercise of stock-option assigned to the employees generates a reduction of Retained Earning of €1.3 million and result in an increase of share capital and share premium.

Earn-out reserve

Earn-out reserve represents contingent consideration to be paid-in shares to be issued on the basis of the earn-out mechanism in place with the former shareholders of the companies acquired in December 2021 (Dapda and Fidcar).

The increase of the earn-out reserve for €0.8 million compared to the previous year is related to the following offsetting events:

- €1 million related to the accrual of the earn-out provisions to be paid through issuance of shares net of;
- negative €0.2 million related to the issuance of shares related to the earn-out assigned to the former shareholders of Dapda and Dapda Media (reclassified into share capital and share premium).

The last outstanding shares will be issued before 31 December 2024.

24. DISCONTINUED OPERATIONS

During FY2022, the Group has completed the sale of the DriveK business unit classified as held for sale in the consolidated financial statements ended 31 December 2021.

The transaction completed on 15 December 2022 involved the contribution in kind of the DriveK business into Auto XY S.p.A, company fully owned by Gedi Gruppo Editoriale S.p.A. After that, 31.94% of the new combined entity was sold by MotorK Italia S.r.l. to Gedi Gruppo Editorial S.p.A. so that, after the transaction, MotorK Italia S.r.l. owned 20% of the combined entity. The transaction has generated a gain on sale of €7.8 million and a cash inflow of €4 million. The transactions described was entirely concluded in FY2022. For further disclosure please refer to the MotorK Group Annual Report FY2022.

On the 20% of investments into AutoXY S.p.A. owned by MotorK Italia S.r.l. has been granted a reciprocal put and call to be exercised no later than 30 June 2026 calculated on certain EBITDA and Net Financial Positions targets of the Combined Entity.

The results of the DriveK business unit is presented below only for comparative purposes as the transactions was completed in FY2022.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. DISCONTINUED OPERATIONS CONTINUED

€'000	For the year ended 31 December 2023	For the year ended 31 December 2022
Revenue from customers	–	5,506
Capital gain	–	7,767
Costs for marketing and call centre services	–	3,561
Personnel costs	–	1,863
R&D capitalisation	–	–
Other operating costs	–	1,115
Amortisation and depreciation	–	–
Total costs	**–**	**6,539**
Operating profit	**–**	**6,734**
Finance expense	–	–
Profit before tax	**–**	**6,734**
Corporate income tax	–	–
Profit after income tax of discontinued operation	**–**	**6,734**

€'000	As at 31 December 2023	As at 31 December 2022
Intangible assets	–	–
Trade and other receivables	–	–
Total assets classified as held for sale	**–**	**–**
Trade and other payables	–	–
Employees benefits	–	–
Total liabilities classified as held for sale	**–**	**–**
Net assets classified as held for sale	**–**	**–**

The net cash flows incurred by the DriveK business unit is presented only for comparative purposes.

€'000	For the year ended 31 December 2023	For the year ended 31 December 2022
Net cash flows from/(used in) operating activities	–	(960)
Net cash from investing activities	–	4,011
Net cash from financing activities	–	–
Net increase in cash generated by the business	**–**	**3,051**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. BUSINESS COMBINATIONS

The acquisitions completed during the year 2023 were made in the context of the Group's growth strategy to expand its customer base in Italy and its suite of products. Please see below for more details.

GestionaleAuto.com S.r.l.

The initial consideration paid for the acquisition of 100% of the voting equity interests of GestionaleAuto.com S.r.l. in 16 June 2023 amounts to €3.2 million paid in cash. In addition to the initial consideration paid, the sale and purchase agreement regulating the transfer of shares to MotorK Italia S.r.l. provides with a deferred payment of €3 million to be paid in cash by June 2024. Management has performed the purchase price allocation during the year 2023 and the excess of the purchase price over the fair value of the estimated net assets acquired for an amount of €7 million has been allocated for €1.2 million to customer relationship, €0.4 million to trademark, €0.5 million to software, for €0.6 million to deferred tax liabilities, for €0.1 million to unfavourable contract and for €5.6 million to goodwill.

GestionaleAuto.com was founded in 2004 and it is a prominent software as a service player in the Italian digital automotive retail market. The company provides car dealers with a comprehensive suite of digital solutions focused on multi-publishing stock management, omnichannel digital showroom capability, and lead generation and follow-up. The acquisition of GestionaleAuto.com aligns with MotorK's M&A strategy to consolidate market share and strengthen its leadership position in Europe's digital automotive retail market. By acquiring GestionaleAuto.com, MotorK will be able to leverage its complementary strengths and expand its offerings to a larger customer base, unlocking new growth opportunities in one of its core markets.

Since the acquisition date, GestionaleAuto.com S.r.l. contributed for €0.1 million to the Group consolidated result for the year and €1.2 million to Group revenue in the consolidated financial statements closed as at 31 December 2023.

If the acquisition of GestionaleAuto.com S.r.l. had occurred on 1 January 2023, Group revenue would have increased by an estimated €0.8 million and Group profit before tax would have increased by an estimated €0.05 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same as if the acquisition had occurred on 1 January 2023.

The Group has incurred €0.1 million of costs in relation to the acquisition of GestionaleAuto.com S.r.l. in the period. These costs have been included in the Group's consolidated statement of profit and loss and other comprehensive income caption other operating costs.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

GestionaleAuto.com S.r.l. (€'000)	Book value at acquisition date	Adjustment	Restated fair value
Customer relationship	–	1,160	1,160
Trademark	–	398	398
Software	–	516	516
Property, plant and equipment	61	–	61
Receivables	419	–	419
Cash at bank and in hand	169	–	169
Payables	(1,457)	–	(1,457)
Unfavourable contract	–	(89)	(89)
Deferred tax	–	(554)	(554)
Total net assets (A)	**(808)**	**1,431**	**623**
Fair value of consideration			
Cash			3,250
Deferred consideration			2,980
Total consideration (B)			**6,230**
Goodwill (B)-(A)			**5,607**

Total book of the net assets of GestionaleAuto.com at acquisition date is negative for € 0.8 million. As per Italian law, the Company has been recapitalised during FY2023.

Goodwill is the excess of the purchase price over the fair value of the net assets acquired and is not deductible for tax purposes. It mostly represents potential synergies, such as cross-selling and up-selling opportunities between GestionaleAuto.com and the Group.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

26. EARNINGS PER SHARE

The following table shows earnings per share, calculated by dividing the result for the year by the weighted average number of ordinary shares outstanding during the year.

	For the year ended 31 December	
	2023	2022
Loss for the period (in thousands)	(13,247)	(7,277)
Loss from continuing operations (in thousands)	(13,247)	(14,011)
Profit from discontinued operations (in thousands)	–	6,734
Weighted average number of shares	40,082,754	40,506,379
Earnings per share	(0.33)	(0.18)
Earnings per share from continuing operations	(0.33)	(0.35)
Earnings per share from discontinued operations	–	0.17

It should be noted that share-based payments are instruments that could potentially dilute basic earnings per share in the future (for more information on these instruments reference is made to Note 23 – Shareholders' equity). However, considering that in periods analysed a loss from continuing operations was registered, potential ordinary shares were not dilutive as the potential conversion would decrease the loss per share, in accordance with IAS 33.

The reduction of the weighted average number of shares is due to the cancellation of shares performed during FY2023 in connection with the buy-back programme already disclosed above.

27. POST BALANCE SHEET EVENTS

On 5 February 2024, the Group successfully executed a reserved capital increase of €12.3 million. The participants in this strategic round included 83North, Lucerne, PROCAR Automobile and Anfield Ltd. Such reserve resulted in the issue of 4,088,388 new ordinary shares. In addition, these newly issued shares will be subject to a six-month lock-up period, underlining the investors' long-term vision and dedication to the Group's success.

On 4 March 2024 the above-mentioned capital injection has been strengthened with a top-up of €5 million loan tranche from Atempo Growth, building on the initial €5 million loan facility agreement secured in October FY2023.

As such, the combined €17.3 million of new acquired liquidity provides operational flexibility, smoothing the path to profitability forecasted for FY2024.

This strategic step underscores the collective confidence of both existing and new investors in MotorK's potential, solidifying their collaborative commitment to the Group's sustained growth and ongoing success.

Following the negative Adjusted EBITDA reported for the year ended as at 31 December 2023 and, in the context of the €5 million top-up obtained from Atempo Growth, MotorK has obtained from Illimity Banks the waiver of testing the financial covenants in place as at 31 December 2023. The first testing date will be then 31 December 2024.

On 8 January 2024, the shelf company DriveK Italia S.r.l., created as a potential vehicle for the selling of the business DriveK and then not used due to the different structuring followed in the operation, has wound up. The value of the assets of such Company amount to roughly €3 thousand and therefore the wind-up has not affected the assets of the consolidated financial statements as at 31 December 2023.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

28. TRANSLATION OF FOREIGN COMPANIES' FINANCIAL STATEMENTS

The exchange rates used to translate non-Euro-zone Company's financial statements are as follows:

	2023 Average exchange rate	31 Dec 2023 year-end exchange rate
Israeli Shekel	3.9875	3.9993

	2022 Average exchange rate	31 Dec 2022 year-end exchange rate
Israeli Shekel	3.5360	3.7554

The effect of the translation of MotorK Israel Ltd reporting package amount to €77 thousand (€0.1 million in FY2022) as reported in the Consolidated Statement of Profit and Loss and Other Comprehensive Income.

29. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

Full details of the compensation and of number of shares of MotorK Plc of key management personnel are given in the Directors' remuneration report on pages 76–82. Key management personnel are the members of the Board of Directors of MotorK Plc. Please also refer to the Directors' remuneration report for information regarding Directors' shareholding in the Group.

MOTORK PLC STATEMENT OF FINANCIAL POSITION

€'000	Note	As at 31 December 2023	Restated As at 31 December 2023
Investments	4	62,359	58,483
Non-current assets – security deposits		4	4
Financial assets	5	26,518	20,478
Non-current assets		**88,881**	**78,965**
Trade and other receivables	6	806	600
Financial assets	5	407	–
Cash and cash equivalents	7	420	976
Current assets		**1,633**	**1,576**
Total assets		**90,514**	**80,541**
Trade and other payables	8	2,488	2,110
Current financial liabilities*	9	2,828	398
Current liabilities		**5,316**	**2,508**
Non-current financial liabilities*	9	4,286	1,618
Non-current liabilities		**4,286**	**1,618**
Total liabilities		**9,602**	**4,126**
Share capital	10	407	403
Share premium	10	69,446	68,754
Merger reserve	10	3,627	3,627
Earn-out reserve	10	1,587	798
Retained earnings	10	5,845	2,833
Total equity		**80,912**	**76,415**
Total liabilities and equity		**90,514**	**80,541**

* Restated. Please refer to page 143 for further details.

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not prepared its own statement of comprehensive income in these financial statements. The profit after tax of the Parent Company for the year was €1.4 million (2022: loss of €4.4 million).

The notes on pages 141 to 151 form part of the Parent Financial Statements. The Parent Financial Statements on pages 138 to 140 were approved and authorised for issue by the Board of Directors on 15 April 2024 and were signed on 16 April 2024 on its behalf by:

Marco Marlia
Chief Executive Officer
16 April 2024

MOTORK PLC STATEMENT OF CHANGES IN EQUITY

€'000	Share capital	Share premium	Merger reserve	Earn-out reserve	Retained earnings	Total attributable to equity holders of parent
1 January 2022	**403**	**72,754**	**1,397**	**–**	**2,363**	**76,917**
Loss for period	–	–	–	–	(4,383)	(4,383)
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(4,383)**	**(4,383)**
Contributions by and distributions to owners						
Issue of shares	4	–	2,230	–	–	2,234
Share-based payment	–	–	–	–	1,543	1,543
Earn-out reserve	–	–	–	798	–	798
Buy-back programme[1]	(4)	–	–	–	(690)	(694)
Capital reduction	–	(4,000)	–	–	4,000	–
Total contributions by and distributions to owners	**–**	**(4,000)**	**2,230**	**798**	**4,853**	**3,881**
31 December 2022	**403**	**68,754**	**3,627**	**798**	**2,833**	**76,415**

1 MotorK bought its own shares and cancelled them.

MOTORK PLC STATEMENT OF CHANGES IN EQUITY CONTINUED

€'000	Share capital	Share premium	Merger reserve	Earn-out reserve	Retained earnings	Total attributable to equity holders of parent
Comprehensive income for the period						
Income for period	–	–	–	–	1,455	1,455
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**1,455**	**1,455**
Contributions by and distributions to owners						
Issue of shares[1]	18	4,692	–	(204)	–	4,506
Share-based payment	–	–	–	–	1,202	1,202
Share-based payment exercised	–	–	–	–	(1,353)	(1,353)
Shares to be issued	–	–	–	993	–	993
Buy-back programme[2]	(14)	–	–	–	(2,292)	(2,306)
Capital reduction	–	(4,000)	–	–	4,000	–
31 December 2023	**407**	**69,446**	**3,627**	**1,587**	**5,845**	**80,912**

1 Please refer to Note 23 for further details.
2 MotorK bought its own shares and cancelled them.

Share capital represents the nominal value of share capital subscribed for.

Share premium represents amounts subscribed for share capital in excess of nominal value less related costs of share issues.

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS

1. GENERAL INFORMATION

MotorK Plc (the Company or the Parent Company) is a company incorporated in the UK. The registered office is on the 5th Floor, One New Change, London, England, EC4M 9AF listed from November 2021 on Euronext Amsterdam.

The Parent Company is the holding of a Group that offers a cloud-based holistic SaaS platform (named SparK) to support the full vehicle lifecycle and the entire customer journey. SparK can be used to manage the digital presence of a small single showroom dealer as well as support the sales and marketing functions of a regional network of franchise dealerships for an automotive OEM across EMEA.

As of 31 December 2023, the main shareholders of the Parent Company are 83 North, who directly holds approximately 19.3% of the share capital, Lucerne, who holds approximately 15% of the share capital and the original founders Marco Marlia (CEO of the Group), Marco De Michele, and Fabio Gurgone own roughly 13% each of the share capital.

2. ACCOUNTING POLICIES

Basis of preparation of financial statements

The Parent Company financial statements of MotorK Plc (the Company) have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework, and as required by the Companies Act 2006.

The financial statements are prepared under the historical cost convention as modified for financial instruments that are measured at fair value.

Disclosure exemptions adopted

In preparing these financial statements, the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by UK-adopted international accounting standards;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the Group headed by MotorK Plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted as equivalent disclosures are included in the consolidated financial statements of MotorK Plc. These financial statements do not include certain disclosures in respect of:

- business combinations;
- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- impairment of assets.

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

2. ACCOUNTING POLICIES CONTINUED

Investments

Equity investments in subsidiaries are entered at the consideration paid to acquire the company or at the value subscribed for the incorporation. Management periodically review the value of the investments to detect any possible impairment indicators. Should such indicators arise, an impairment test is carried out to evaluate if book value is higher than the greater between fair value and value in use. Value in use is determined with a discounted cash flow method analysis.

Financial assets

The Company's financial assets are classified on the basis of the business model adopted to manage them and the characteristics of the related cash flows.

a) Financial assets valued at amortised cost

Financial assets that have been verified to meet the following requirements are classified in this category:

(i) the asset is held within a business model whose objective is possession of the asset to collect contractual financial flows; and

(ii) the contractual terms of the asset include cash flows represented solely by payments of principal and interest on the principal amount to be repaid.

These are financial loans, other receivables and cash and cash equivalent.

Other receivables and loans are initially recognised in the financial statements at their fair value increased by any directly attributable accessory costs to the transactions that generated them. At the time of subsequent measurement, financial assets were shown at amortised cost, with the exception of loans that do not contain a significant financial component, using the effective interest rate. The effects of this measurement are recognised as a financial income component.

The Company values receivables by adopting an expected loss impairment model.

Financial liabilities

Financial liabilities include financial payables, trade payables and other payables.

Amounts due to banks and other lenders are initially recognised at fair value net of directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method. If there is a change in the expected cash flows, the value of the liabilities is recalculated to reflect this change based on the current value of the new expected cash flows and the initially determined internal rate of return.

Trade payables are obligations to pay for goods or services acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if they are paid within one year of the balance sheet date. Otherwise, these payables are classified as non-current liabilities.

Trade and other payables are initially recognised at fair value and subsequently measured using the amortised cost method.

Financial liabilities are eliminated from the financial statements when the obligation underlying the liability is extinguished, cancelled or fulfilled. Contingent considerations classified as financial liabilities are measured at fair value through profit and loss ("FVTPL"). Ancillary costs incurred on recognition of the liability are immediately recognised in the Consolidated income statement. On subsequent measurement, FVTPL financial liabilities are measured at fair value.

With reference to the derecognition of a financial liability, new records must be created for its extinction and the recognition of a new liability if the contractual terms are substantially different. The terms are considerably different if the actualised value of the financial flow under the new terms, including any fee paid net of the fee received and actualised using the original interest rate, are at least 10% different from the actualised value of the remaining financial flows of the original financial liability. If the exchange of debt instruments or the change in the terms are recognised as an extinction, any costs or fees paid are recorded as income or losses associated with the extinction. If the exchange or modification are not recognised as extinction, any costs or fees sustained will adjust the accounting value of the liability and will be amortised over the remaining term of the liability in question.

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

2. ACCOUNTING POLICIES CONTINUED

Prior year restatement

The prior year statement had presented €2,016 thousand within Provisions (Non-current liabilities) of which €398 thousand should have been within Current financial liabilities and €1,618 thousand should have been within Non-current financial liabilities. This has been restated in the current year presentation of the comparative statement of financial position. The classification has been revised to present such contingent consideration measured at fair-value through profit or loss rather than amortised cost. The restatement does not impact total net assets and profit for the relevant year.

Share-based payments

The Company provides share-based payment arrangements to certain employees.

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the Consolidated Statement of Comprehensive Income over the remaining vesting period. Costs incurred for share-based payments are charged to the subsidiaries of the Group on the basis of certain intercompany agreements stipulated between the Parent Company and the subsidiaries.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and assumptions

Impairment of investments

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the business plan for the next three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 4.

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

4. INVESTMENTS

€'000	2023	2022
Cost		
At 1 January	**58,483**	**53,600**
Additions	3,876	4,883
Contribution in kind of subsidiaries into MotorK Italia S.r.l. FY2022	–	(13,212)
Increase of equity investments due to contribution in kind FY2022	–	13,212
At 31 December	**62,359**	**58,483**
Impairment provisions		
At 1 January	**–**	**–**
Movement in year	–	–
At 31 December	**–**	–
Net book value	**62,359**	**58,483**

The value of the investments amounting to €62,359 is entirely related to the equity investments in the 100% of the shares of MotorK Italia S.r.l. The increase of the year is related to waiver of a trade receivable of €3.9 million granted by MotorK Plc to MotorK Italia S.r.l. following the needs of recapitalisation of its subsidiary MotorK Israel Ltd.

As at 31 December 2023, the equity investments owned in MotorK Italia S.r.l. was subjected to an impairment test taking into account past economic and financial performance, and future expectations inferable from the business plan 2024 – 2026. Beyond that period, operating cash flows are assumed to grow at 1.9% annually. The risk adjusted pre-tax rate (WACC) used to discount the cash flow forecasts is 12.34%. For the purposes of estimating the value in use of the investment, both internal and external sources of information were used. The results of the impairment test on equity investment as at 31 December 2023 did not reveal any impairment loss. In assessing the value in use of the investment, management has considered the potential impact of possible changes in the main assumptions used. A sensitivity analysis was carried out by determining the break-even point WACC, which, keeping the other parameters constant, would render the difference between the recoverable amount and the carrying amount of the investment as nil. In these circumstances, the break-even point WACC is 16.07%.

5. CURRENT AND NON-CURRENT FINANCIAL ASSETS

Current and non-current financial assets are related to the following financial receivables towards MotorK Italia S.r.l.:

- €22.4 million related to revolving facilities agreements stipulated during FY2022 and FY2023. Main terms of such intercompany agreements are interest rate calculated as Euribor 3M plus the spread determined of the basis of appropriate benchmarking analysis (0.64%) and repayment in one instalment on 1 June 2026; and
- €4.5 million related to the shareholder loan stipulated in October 2023 (mirroring the financial loan entered into with Atempo Growth in October 2023). Main terms of such intercompany loan are interest rate calculated as Euribor 3M plus the spread equal to 9.25% with a four-year duration and the monthly tranches repayment starting from October 2024. The current portion classified as current financial assets amounts to €0.4 million.

6. TRADE AND OTHER RECEIVABLE

€'000	2023	2022
Amounts owed from Group undertakings	465	399
Prepayments	238	185
Other receivables	103	16
Total trade and other receivables	**806**	**600**

Amounts owed from Group undertakings amounting to €0.5 million are in line with the previous period. For further details, please refer to note 12 on Related Parties Transactions.

7. CASH AND CASH EQUIVALENT

The caption cash and cash equivalent amounting to €0.4 million (2022: €1 million) is related to cash available in bank accounts of MotorK Plc.

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

8. TRADE AND OTHER PAYABLES

€'000 Current	2023	2022
Trade payables	312	11
Amounts owed to Group undertakings	1,919	1,790
Other payables	141	213
Accruals	116	96
Total current liabilities	**2,488**	**2,110**

For details of the payables towards Group companies, please refer to Note 12 Related Parties Transactions.

9. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

€'000 Current	2023	Restated 2022
Loan with other financial institutions	341	–
Other financial liabilities*	2,487	398
Total current financial liabilities	**2,828**	**398**

€'000 Non-current	2023	Restated 2022
Loan with other financial institutions	4,286	–
Other financial liabilities*	–	1,618
Total non-current financial liabilities	**4,286**	**1,618**

€'000	2023	Restated 2022
Non-current financial liabilities are repayable as follows:		
> 1 year or 2 years	3,071	1,618
2 to 5 years	1,215	–
Total non-current financial liabilities	**4,286**	**1,618**

During 2023, MotorK Plc has entered into a financial loan with Atempo Growth for €4.6 million (net of costs incurred) in October 2023 to fuel the growth of the business for the third quarter of the year and for FY2024 with a four-year duration and a variable interest rate equal to Euribor 3m plus the spread. No financial covenants in place. Standard pledged are ensured to Atempo Growth in the context of the agreement entered into by the parties. Other financial liabilities (classified within current financial liabilities) amount to €2.5 million (€2 million as at 31 December 2022, splitted for €1.6 million as non-current financial liabilities and €0.4 million as current financial liabilities) and include the contingent consideration to be paid for the acquisitions made in the previous years.

* Restated. Please refer to page 143 for further details.

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

10. SHAREHOLDERS EQUITY

Share capital

The share capital is composed as follows:

	2023			2022		
	Value (€'000)	Number	Value per share (€)	Value (€'000)	Number	Value per share (€)
Ordinary shares	407	40,702,185	0.01	403	40,310,252	0.01
Total	**407**	**40,702,185**	**0.01**	**403**	**40,310,252**	**0.01**

During the financial year 2023 share capital changed due to the following items:

- issue of 1,310,043 shares related to the reserved capital increase of €3 million (of which €13 thousand as share capital and €3 million as share premium) with Lucerne to further bolster the Group's external growth strategy;
- issue of 447,769 shares related to the exercise of stock-option assigned to the employees resulting in €1.5 million of which €4 thousand as share capital and €1.5 million as share premium;
- issue of 31,370 shares related to the earn-out assigned to the former shareholders of Dapda and Dapda Media resulting in €0.2 million of which €0.3 thousand as share capital and €0.2 million as share premium;
- cancellation of 1,397,249 shares (resulting in €2.3 million of which €14 thousand as share capital and €2.3 million as share premium) related to the buy-back programme in place during the year 2023.
  On 18 July 2022, the AGM of MotorK Plc has authorised to buy back its own ordinary shares by way of off-market purchases on Euronext Amsterdam and via block trades up to a maximum aggregate value of €3 million. This authorisation is limited to the maximum of 4,032,895 ordinary shares, representing approximately 10 per cent of the Company's issued ordinary share capital as at the date of the last AGM of the Company. Such provision has been renewed by the AGM held on 11 May 2023. Following the law provisions the Group cannot hold treasury shares and therefore shares bought back are then cancelled. Pricing rules of such buy-back are public as the relevant agreement with the broker was approved by the AGM.

On 11 May 2023, AGM approved a capital reduction by way of the cancellation of an amount equal to €4 million standing to the credit of the Group's share premium account, to create additional distributable reserves, included in respect of the Programme. Such capital reduction implies a reduction of Share Premium and an increase of Retained earnings without effect on the number of shares of the Company.

On 18 July 2022, the AGM approved a capital reduction by way of the cancellation of an amount equal to €4 million standing to the credit of the Group's share premium account, to create additional distributable reserves, included in respect of the Programme. Such capital reduction implied a reduction of Share Premium and an increase of Retained earnings without effect on the number of shares of the Company.

Share-based payments

The Group operates an equity-settled share-based remuneration scheme for employees, which comprises the Original Share Option Plan and the Omnibus LTIP.

During the year ended 31 December 2023, 1,044,646 (1,358,371 in 2022) options were granted to employees in the context of the Omnibus LTIP issued in 2022, providing a straight-line basis vesting over three or four years and subject to performance conditions defined on the basis of Group performance decided year over year (for more details regarding performance conditions, please refer to the disclosure done in the Remuneration Committee Report of this Annual Report). As per the rules of the Plan, the FY2022 grant provide with different exercise price on the basis of the date of the grant:

- 261,613 options granted in January 2023, with an exercise price of €1.21 with a life of ten years;
- 653,333 options granted in June 2023, with an exercise price of €2.37 with a life of ten years;
- 25,000 options granted in 9 November 2023, with an exercise price of €2.73 with a life of ten years; and
- 104,700 options granted in 22 November 2023, with an exercise price of €2.79 with a life of ten years.

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

10. SHAREHOLDERS EQUITY CONTINUED

Share-based payments continued

The Company also has in place the Original Share Option Plan issued before FY2022 providing a straight-line basis vesting over four years, with an exercise price of €0.34 and with a life of 10 years.

Original Share Option Plan

	2023		2022	
	Weighted average exercise price (€ cents)	Number	Weighted average exercise price (€ cents)	Number
Outstanding at 1 January	**34**	**3,224,385**	**34**	**3,201,583**
Subdivision of shares				
Granted during the year	**–**	–	34	345,353
Lapsed during the year[1]	**34**	(197,953)	34	(322,551)
Exercised during the year	**34**	(567,769)		
Outstanding at 31 December	**34**	**2,458,663**	**34**	**3,224,385**
Of which				
Vested		*2,173,462*		*2,337,087*
Unvested		*285,201*		*887,298*

1 The options lapsed when the beneficiary left the Company and in the case in which the performance conditions related to the grants are partially/totally not met.

Omnibus LTIP

a) Grant related to FY2022

	2023		2022	
	Weighted average exercise price (€)	Number	Weighted average exercise price (€)	Number
Outstanding at 1 January	**1.645/1.895**	**1,013,018**	**1.645**	**–**
Subdivision of shares				
Granted during the year	–	–	1.645	1,013,018
Lapsed during the year[1]	1.645/1.895	(350,000)	–	–
Outstanding at 31 December	**1.645/1.895**	**663,018**	**1.645**	**1,013,018**
Of which				
Vested		*190,673*		–
Unvested		*472,345*		*1,013,018*

1 The options lapsed when the beneficiary left the Company and in the case in which the performance conditions related to the grants are partially/totally not met.

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

10. SHAREHOLDERS EQUITY CONTINUED

Share-based payments continued

b) Grant related to January 2023

	2023		2022	
	Weighted average exercise price (€)	Number	Weighted average exercise price (€)	Number
Outstanding at 1 January	**–**	**–**	**–**	**–**
Subdivision of shares				
Granted during the year	1.21	261,613	–	–
Lapsed during the year[1]	–	–	–	–
Outstanding at 31 December	**1.21**	**261,613**	**–**	**–**
Of which				
Vested		*87,204*		–
Unvested		*174,409*		–

1 The options lapsed when the beneficiary left the Company and in the case in which the performance conditions related to the grants are partially/totally not met.

c) Grant related to June 2023

	2023		2022	
	Weighted average exercise price (€)	Number	Weighted average exercise price (€)	Number
Outstanding at 1 January	**–**	**–**	**–**	**–**
Subdivision of shares				
Granted during the year	2.37	653,333	–	–
Lapsed during the year[1]	2.37	(202,633)	–	–
Outstanding at 31 December	**2.37**	**450,700**	**–**	**–**
Of which				
Vested		–		–
Unvested		*450,700*		–

1 The options lapsed when the beneficiary left the Company and in the case in which the performance conditions related to the grants are partially/totally not met.

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

10. SHAREHOLDERS EQUITY CONTINUED

Share-based payments continued

d) Grant related to 9 November 2023

	2023		2022	
	Weighted average exercise price (€)	Number	Weighted average exercise price (€)	Number
Outstanding at 1 January	**–**	**–**	**–**	**–**
Subdivision of shares				
Granted during the year	2.73	25,000	–	–
Lapsed during the year[1]	2.73	(6,250)	–	–
Outstanding at 31 December	**2.73**	**18,750**	**–**	**–**
Of which				
Vested		–		–
Unvested		*18,750*		–

1 The options lapsed when the beneficiary left the Company and in the case in which the performance conditions related to the grants are partially/totally not met.

e) Grant related to 22 November 2023

	2023		2022	
	Weighted average exercise price (€)	Number	Weighted average exercise price (€)	Number
Outstanding at 1 January	**–**	**–**	–	–
Subdivision of shares				
Granted during the year	2.79	104,700	–	–
Lapsed during the year[1]	2.79	(26,175)	–	–
Outstanding at 31 December	**2.79**	**78,525**	**–**	**–**
Of which				
Vested		–		–
Unvested		*78,525*		–

1 The options lapsed when the beneficiary left the Company and in the case in which the performance conditions related to the grants are partially/totally not met.

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

10. SHAREHOLDERS EQUITY CONTINUED

Share-based payments continued

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share-based remuneration scheme operated by the Group:

	2023 (Omnibus LTIP Jan 2023)	2023 (Omnibus LTIP Jun 2023)	2023 (Omnibus LTIP 9 Nov 2023)	2023 (Omnibus LTIP 22 Nov 2023)	2022 Omnibus LTIP	2022 Original Share Option Plan
Option pricing model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Weighted average share price at grant date (€)	0.7655	1.1306	1.2680	1.2680	0.7650	4.7800
Exercise price (€)	1.21	2.37	2.73	2.79	1.645/1.895	0.337
Weighted average contractual life (years)	10	10	10	10	10	10
Volatility	31.20%	31.59%	31.40%	31.40%	31.20%	31.20%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Historic volatility is estimated looking at the five-year, 50-day median volatility of a sample of comparable companies operating in the software industry listed on the European stock market (Euronext).

The share-based remuneration expense comprises:

€'000	2023	2022
Equity-settled scheme	1,202	1,543

The issuance of 447,769 shares related to the exercise of stock-option assigned to the employees generates a reduction of Retained Earning of €1.3 million and result in an increase of share capital and share premium.

Earn-out reserve

Earn-out reserve represents contingent consideration to be paid-in shares to be issued on the basis of the earn-out mechanism in place with the former shareholders of the companies acquired in December 2021 (Dapda and Fidcar). The increase of the earn-out reserve for €0.8 million compared to the previous year is related to the following offsetting events:

- €1 million related to the accrual of the earn-out provisions to be paid through issuance of shares net of;
- negative €0.2 million related to the issuance of shares related to the earn-out assigned to the former shareholders of Dapda and Dapda Media (reclassified into share capital and share premium).

The last outstanding shares will be issued before 31 December 2024.

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

11. DEFERRED TAX

The Company has estimated trading losses totalling approximately €20 million (2022: €25 million). A deferred tax asset of approximately €5 million has not been recognised due to the uncertainty as to when the loss will be utilised.

12. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group. Full details of the compensation of key management personnel are given in the Directors' remuneration report on pages 76–82.

Transactions with related parties are related to receivables and payables booked towards companies of the Group, namely:

	2023			2022		
€'000	Trade and other receivables	Trade and other payables	Financial assets	Trade and other receivables	Trade and other payables	Financial assets
MotorK Italia S.r.l.	270	1,894	26,925	354	1,790	20,478
MotorK Israel Ltd	195	25	–	45	–	–
Total	**465**	**1,919**	**26,925**	**399**	**1,790**	**20,478**

The financial assets towards MotorK Italia S.r.l. is related to the loan agreements in place which details are provided below:

- loan agreements for an amount of €22.4 million entered into between June 2022 and May 2023 to be repaid in one instalment on 1 June 2026. Main terms of such agreements are already disclosed above (refer to Note 5 Current and Non-current Financial Assets); and
- €4.5 million related to the shareholder loan stipulated in October 2023 (mirroring the financial loan entered into with Atempo Growth in October 2023) to be repaid with monthly tranches starting from October 2024. Main terms of such intercompany loan are already disclosed above (refer to Note 5 Current and Non-current Financial Assets).

The intercompany agreement provides with term and conditions of the loan including the interest rate calculated on the basis of a benchmark analysis prepared by management with the support of an external consultant with relevant expertise. The financial assets amounting to €26.9 million includes interests accrued in FY2022 and FY2023 for €1.1 million.

Trade and other receivables and trade and other payables are regulated by intercompany agreements providing relevant terms and conditions on the basis of the transfer pricing policy in place (recharges of the year at cost as pass-through (OECD Guidelines)). Payments are due during FY2024.

GROUP ALTERNATIVE PERFORMANCE MEASURE (APM)

Please find below the list of Group APM indicating its definition, explanation why they are considered relevant and reconciliation with the accounts.

ANNUAL RECURRING REVENUE (ARR)

ARR is considered an alternative performance measure (APM) and it represents the yearly subscription contract value of the Group's customer base at the end of the reporting period (December). Due to the accounting policies applied by MotorK Group, the ARR differs from the revenue caption of the Consolidated Statement of Profit and Loss and Other Comprehensive Income. As per the revenue recognition applied, the most significant part of the revenues of the SaaS multi-year contracts are recognised point in time in the moment in which access to the products is granted to the customers.

ARR represents the value of the December monthly subscription fee of the Group's customer base multiplied by 12. This is the main KPI used by the markets to measure company operating in a SaaS business.

COMMITTED ANNUAL RECURRING REVENUE (CARR)

CARR is considered an alternative performance measure (APM) and it represents the value of ARR plus the annual recurring revenue that will be generated by additional contracts already signed and committed yet to be delivered and billed. Due to the nature of MotorK Group standard terms and conditions, the contracts signed are binding for the customers. It is therefore only a matter of time before the committed component of the CARR is converted into ARR.

Reconciliation with accounts:

December 2023 monthly recurring billing*	€2.84m
Number of months	12
Total Annual recurring revenue (ARR) (A)	**€34.1m**
December 2023 monthly committed recurring billing	€0.38m
Number of months	12
Total committed component (B)	**€4.5m**
Committed annual recurring revenue (CARR) (A+B)	**€38.6m**

* It represents the amount of fees related to SaaS platform recurring revenue contracts billed or where the right to bill exists in December 2023 to customers. This amount cannot be traced back to note 9 of the consolidated financial statements as revenue is booked on the basis of two different performance obligations implied in the agreements. December 2023 monthly recurring billing represents the amount billed or where the right to bill exists in December 2023.

GROUP ALTERNATIVE PERFORMANCE MEASURE (APM) CONTINUED

OPERATING FREE CASH FLOW AND FREE CASH FLOW

Operating cash flow measures cash generated by MotorK Group business operations. Free cash flow is the cash that MotorK Group generates from its business operations after subtracting capital expenditures. These indicators are considered non-GAAP measures and Group APMs. The following table shows the reconciliation with the accounts.

Reconciliation:

€'000	2023	2022		
(Increase) in trade and other receivables and contract assets	(3,954)	(9,127)	A	Consolidated Statement of Cash Flows page 96
Increase in trade and other payables	1,210	1,865	B	Consolidated Statement of Cash Flows page 96
Adjusted EBITDA	(1,439)	234	C	Please refer to the reconciliation reported in the page below
Other minor movements	(293)	(234)	D	Other minor movements are included in different lines of the Consolidated Statement of Cash Flows page 96
Net cash flows from/(used in) operating activities from discontinued operations	–	(960)	E	Note 24 on pages 133–134
Operating free cash flow	**(4,476)**	**(6,302)**	F = A+B+C+D-E	
Income taxes paid	(712)	(150)	G	Consolidated Statement of Cash Flows page 96
Purchase of intangible assets	(9,358)	(8,760)	H	Consolidated Statement of Cash Flows page 96 Note 13 on pages 117–118
Purchases of property, plant and equipment	(92)	(315)	I	Consolidated Statement of Cash Flows page 96 Note 14 on pages 119-120
Free cash flow	**(14,638)**	**(15,527)**	L = F+G+H+I	

GROUP ALTERNATIVE PERFORMANCE MEASURE (APM) CONTINUED

ADJUSTED EBITDA

This represents the operating profit that the Group is able to generate excluding exceptional components. It is considered a Group APM as it measures the ability of the Group to focus on recurring component excluding expenses that are not strictly inherent to the underlying business performance.

Reconciliation:

€'000	2023	2022		
Loss before tax	**(15,562)**	**(13,871)**	A	Consolidated Statement of Profit and Loss and Other Comprehensive Income page 93
Finance costs	1,097	1,235	B	Consolidated Statement of Profit and Loss and Other Comprehensive Income page 93 Note 11 on page 115
Finance income	(57)	(231)	C	Consolidated Statement of Profit and Loss and Other Comprehensive Income page 93 Note 11 on page 115
EBIT	**(14,522)**	**(12,867)**	D=A+B+C	
Depreciation and amortisation	8,741	8,013	E	Consolidated Statement of Profit and Loss and Other Comprehensive Income page 93 Note 10 on pages 114–115
EBITDA	**(5,781)**	**(4,854)**	F=D+E	
Exceptional costs	3,140	3,545	G	Consolidated Statement of Profit and Loss and Other Comprehensive Income page 93 note 10 on pages 114–115 Financial and Operating Review page 38
Stock option plan cost	1,202	1,543	H	Consolidated Statement of Profit and Loss and Other Comprehensive Income page 93 Note 10 on pages 114–115
Adjusted EBITDA	**(1,439)**	**234**	I=F+G+H	

GROUP ALTERNATIVE PERFORMANCE MEASURE (APM) CONTINUED

CASH EBITDA

Cash EBITDA is a consistent measure of trading performance, aligned with the interests of our shareholders and a good proxy of cash generated during the year. This is considered a Group APM by management.

Reconciliation:

€'000	2023	2022		
Adjusted EBITDA	**(1,439)**	**234**	A	Please refer to the reconciliation reported on page 154
Increase in contract assets	(4,114)	(7,154)	B	Group cash movements for the year page 41
R&D capitalisation	(9,342)	(8,707)	C	Consolidated Statement of Profit and Loss and Other Comprehensive Income page 93
Cash EBITDA	**(14,895)**	**(15,627)**	D = A+B+C	

COMPANY INFORMATION

Directors	Amir Rosentuler (Chairman) Marco Marlia (Chief Executive Officer) Laurel Charmaine Bowden (Non-Executive Director) Måns Hultman (Non-Executive Director/Independent Director) Mauro Pretolani (Non-Executive Director/Independent Director)
Company Secretary	Gravitas Company Secretarial Services Limited
Registered office	5th Floor, One New Change, London, EC4M 9AF United Kingdom
Company number	09259000
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU
Solicitors	K&L Gates LLP One New Change London EC4M 9AF United Kingdom
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