ANNUAL REPORT 2021

Our Mission

Empowering OEMs and dealers with an innovative SaaS platform to optimise sales and marketing processes.

Our Values

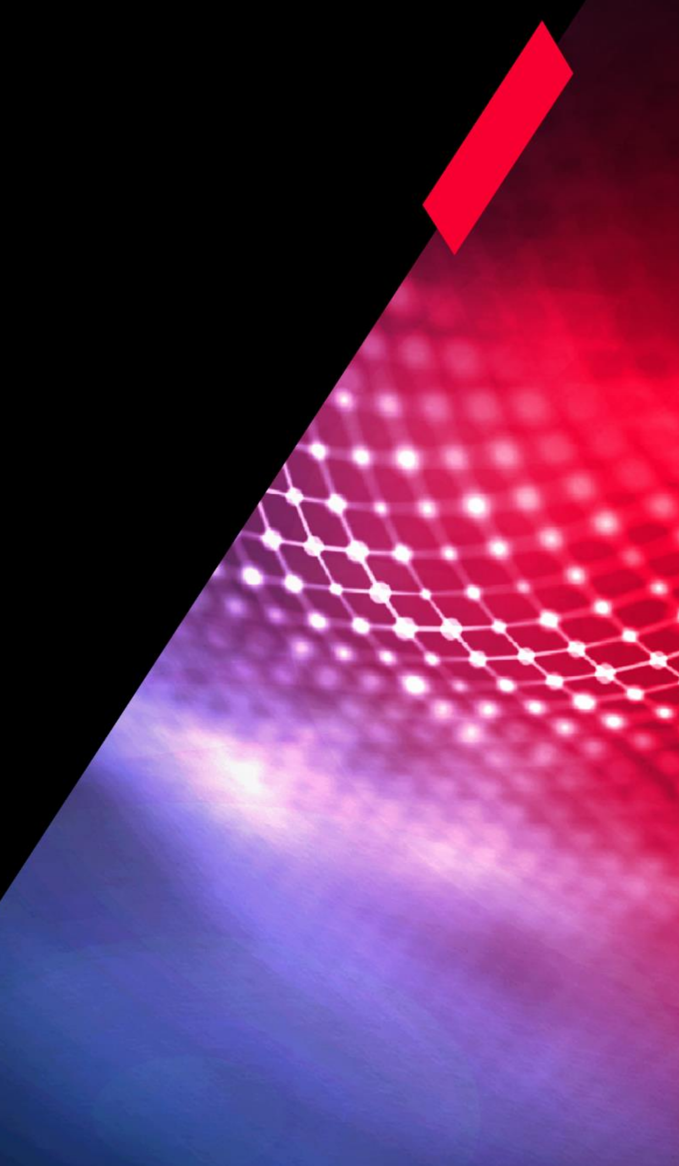
Family Spirit: It is not just a definition, it is the way we feel: we inspire each other, we support one another and we work to achieve common goals.

Growth: Every day we grow as a company because customers trust us. Our customers trust us because we grow as a company.

Innovation: Innovation is in our DNA and we blaze new trails in the automotive industry every day.

Passion for Customers: Our customers are at the centre of what we do and it is our mission to help them excel.

Doing the Right Thing: Our Values connect and inspire us to always do our best, both as individuals and professionals.



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2021 Highlights

2021 highlights showcasing success over last year

Revenues	ARR[1]	EBITDA[2]
€27.6M	€15.1M	€0.8M
+43%	+51%	POSITIVE
2020 - 19.3M	*2020 - 10M*	*2020 - (1.1M)*

Net Cash[3]	Acquisitions[4]	Customers
€34.4M	3	650+
+€55M	Spain & France	+7%
2020 - (€20.6M)	*2020 - 0*	*2020 - 599*

[1] Annual Recurring Revenues ("ARR") is defined as the yearly subscription value of the customer base at the end of the reporting period
[2] Adjusted for share based payment expenses and exceptional items related to expenses that are not strictly inherent to the underlying business performance.
[3] Including lease liabilities as per IFRS 16 accounting standards
[4] Two acquisitions completed in December 2021, one binding Letter of Intents signed as of December 2021 and completed in February 2022

STRATEGIC REPORT

At a Glance

MotorK is Europe's leading automotive sales and marketing technology company and the only player in EMEA able to provide a full stack of products and services to support the digitalisation of the entire car sale process.

No other technology player in Europe has the same level of vertical expertise in the automotive industry.

€27.6M

Revenues

400+

Employees

10 Offices

UK, Italy, Spain, France, Germany, Israel, Portugal

WebSparK

The definitive, ready-to-use web platform, allowing you to maximise traffic acquisition and lead generation performance.

- +1,300 online websites.
- 1 million leads generated.
- +900 dealers online

LeadSparK

The CRM platform specifically designed to support the activities of car dealerships and automotive manufacturers.

- 450 leads managed per operator each month.
- 7% lead to contract rate.
- 30% lead/negotiation rate.

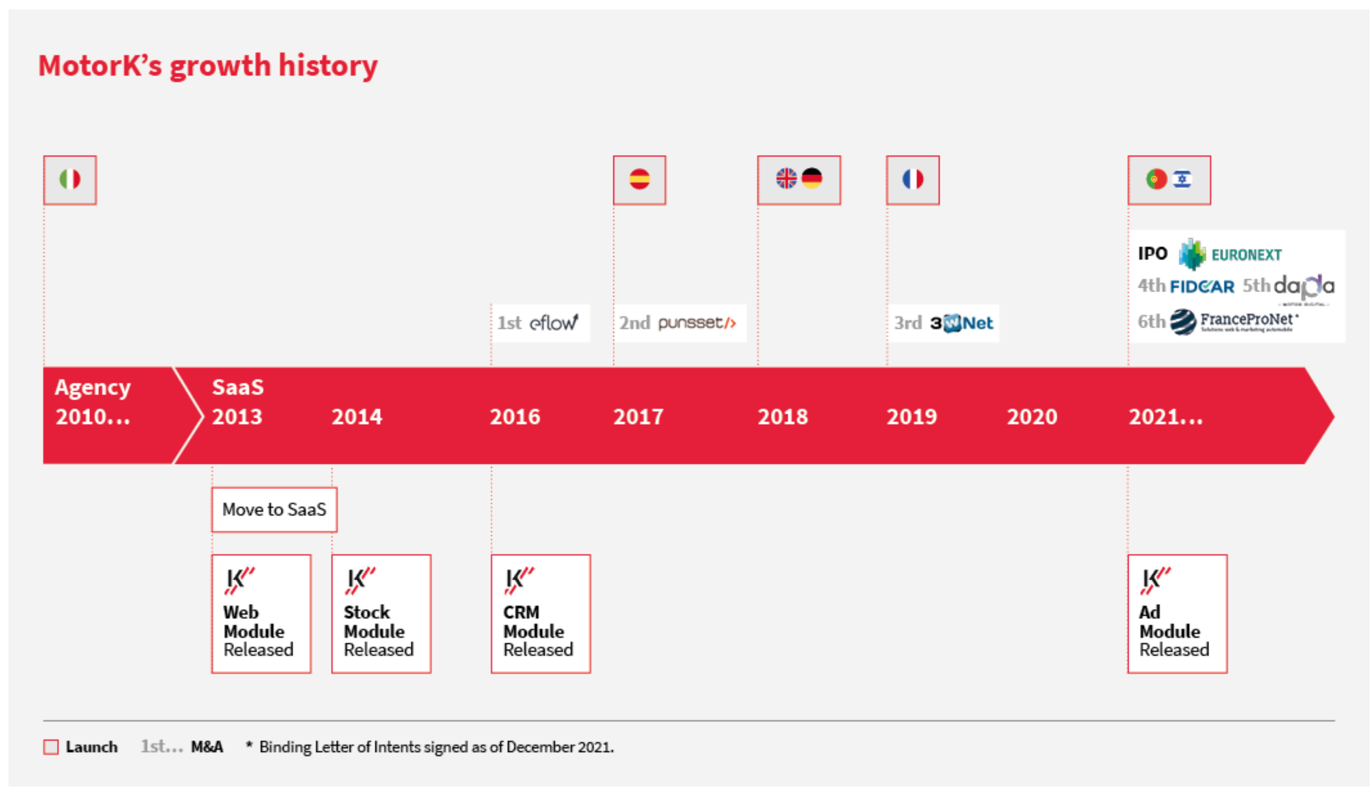
StockSparK

The stock management platform that can update your car inventory or launch customisable campaigns in one click.

- c.859k vehicle publications managed daily.
- c.315k vehicles managed daily.
- 112 publication portals.

~100+ Integrations – Open APIs, Enhanced Integration

- MotorK's products are easily integrated with leading third-party technology providers in the market and are designed to fit the growing needs of automotive operators.



A trusted partner

Chairman's Statement

"Against an industry backdrop marked by uncertainty and supply chain issues, MotorK has delivered another strong year of growth, as well as achieving the milestone of our successful IPO on the Euronext market."

Amir Rosentuler
Chairman

A pivotal year for MotorK Overview

It gives me great pleasure to welcome you to the inaugural MotorK Annual Report, following the Company's successful IPO in 2021. This was a pivotal point in our history, heralding the start of the next exciting phase of growth for our business and bringing new shareholders on board to support our plans going forward. The Company raised approximately €75 million at IPO which will be used to drive continued investment in innovation to maintain our technological leadership as well as providing financial muscle as we grow both organically and through acquisition.

MotorK operates in a dynamic but currently uncertain market. During the year we have seen the industry distracted by the ongoing effects of the COVID-19 pandemic in general and the global semiconductor shortage more specifically impacting the supply chain. As a result, automotive retailers ran extremely low inventory levels and were unable to meet consumer demand for cars which remained high during the period. In fact, in 2021 sales of new cars in the EU fell by 2.4% to 9.7 million units, despite the record low base of comparison of 2020 (already down 3.3 million units compared to the pre-COVID-19 level).

And yet in spite of these pressures, MotorK has delivered another successful year of growth. Our revenues grew by over 40%, we expanded our customer base and, as anticipated, we delivered a positive EBITDA result for the year. These are noteworthy and satisfying achievements.

Market opportunities

Dealerships often lack the right software applications or tools to operate efficiently, so SparK's lead management, sales and service and maintenance capabilities can help them track and serve customers more effectively and optimise the full sales process.

We see significant potential for developing our unique SaaS platform further to increasingly address these needs as the industry continues to evolve rapidly. In fact, drawing from a number of industry sources, we see a €5.4 billion opportunity in Europe alone. Many OEMs use fragmented software providers, so by centralising functions such as stock management, marketing, online engagement and customer relationship management, SparK can deliver an integrated suite of applications and reduce operating costs.

You can find more market analysis on page 16 of this report.

Corporate development

The global automotive industry is facing a wave of consolidation across all fronts – be it on the OEM side, dealerships, suppliers or leasing companies. To balance our strong anticipated organic growth profile, we aim to take an active role in this dynamic (but fragmented) ecosystem and act as a consolidator. During 2021 we continued our geographical expansion into the main European markets through three successful acquisitions: Dapda in Spain and Fidcar in France. Early 2022 we further announced the acquisition of FranceProNet in France.

With a strong balance sheet and shareholders supportive of our growth strategy, we are well-positioned to take advantage of acquisition opportunities in the future and ensure a long-term value creation.

Our people

The key assets of our business are our people and I am proud of the way they have responded to the impacts of the global pandemic over the last two years. Rising to face these challenges, the Company has continued to bring skilled talent into our ranks, doubling the number of full time employees over the last year alone to around 400 people currently. Our ability to effectively integrate so many new people into such a fast-paced environment is key to our success and has been made possible due to our strong no-blame, team-based corporate culture.

MotorK has developed an enduring family spirit across its teams and remains committed to the development and wellbeing of its workforce. We have in place broad training programmes open to employees at all levels of the business that feed into our skills mapping process. This ensures the business has the right mix of skills and experience to drive our internal growth plans. The Company established flexible working practices at the start of the pandemic to enable our people to continue to work safely, supported by a welfare plan tailored to their needs.

We remain committed to attracting, incentivising and retaining the best talent at all levels and will continue add to their number as we harness the opportunities for growth in our markets. My thanks go to all those who have joined us over the last year and I look forward to welcoming new colleagues in the year ahead.

Governance and sustainability

Our IPO was a definitive moment in the history of MotorK and a validation of the strategy we have been successfully executing over the last few years. Now that we are a listed company with more formalised responsibilities to our various stakeholders, during the course of the current year we will be implementing best practices in terms of Board composition, corporate governance and structure.

We are at an early stage in our ESG (environmental, social and governance) journey, but remain committed to deliver on our objectives, which have been framed by the United Nations Sustainable Development Goals ("SDGs"). In relation to environmental matters, we aim to protect the environments in which we operate as a business and to minimise our impact on them. As highlighted above, we aim to promote and secure the wellbeing of our people in the workplace, taking an inclusive approach to recruitment across the business. We also aim to adopt best practice in our governance, ensuring transparency and the highest ethical standards within the business. You can find more information on how we integrate our ESG activities into our day-to-day operations on page 25.

In conclusion

It is my privilege to serve as Chairman and I welcome the responsibility and trust involved in helping shape this great business for continued success in the future. On behalf of the Board of Directors and the leadership of MotorK I wish to commend our people for the way they have embraced the family spirit mindset at MotorK and responded positively to the challenges of new working practices caused by the pandemic.

I wish also to thank our shareholders for their support through the IPO and beyond. I am confident that as we execute our strategic growth plan our SaaS platform will play an important role in enabling the automotive industry to evolve.

Amir Rosentuler
Chairman

CEO's Statement

"The results for 2021 are the highest we have recorded since MotorK was founded in 2010. This achievement is made more notable considering the ongoing market disruption caused by the global pandemic."

Marco Marlia
Chief Executive Officer

Overview

I would like to start my maiden report to shareholders by echoing the words of our Chairman: 2021 was a pivotal year for our Company as we successfully listed MotorK on the Euronext exchange in Amsterdam. While this brings greater transparency and scrutiny to our business it also gives us a substantially raised profile and, critically, a means to raise capital efficiently to support our ongoing growth strategy.

For any business, the IPO process is intensive, absorbing a significant amount of management's time and resources. So, I am all the more pleased that the underlying business was not distracted but remained focused on its growth plan; indeed, the results for 2021 are the highest we have recorded since MotorK was founded in 2010. This achievement is made more notable considering the ongoing market disruption caused by the global pandemic. Our headline financials have grown strongly across the board and this strong momentum has continued into the current year, positioning us well to deliver value for our shareholders going forward.

This solid financial foundation to our business supports the ongoing innovation and development of our SparK platform. As we highlight above, dealerships are coming under pressure from the double impacts of changes in consumer behaviour and structural changes across the automotive retail value chain. However, we believe that we have the right mission-critical solutions at the right time. Our tools will help dealerships digitise their capabilities rapidly to deliver an omnichannel experience for car buyers as well as mitigate margin erosion as OEMs seek to change the relationship between themselves and the dealerships.

The demand for high value, centralised and streamlined software applications is not restricted to the dealerships. While dealerships remain central to our strategy, SparK has also been developed to support OEMs as they continue to digitise and transition to an agent model. As part of this change, OEMs are looking to take more control of the consumer journey, from marketing and initial lead generation, through the sales process and into customer service and retention activities.

Marco Marlia
Chief Executive Officer

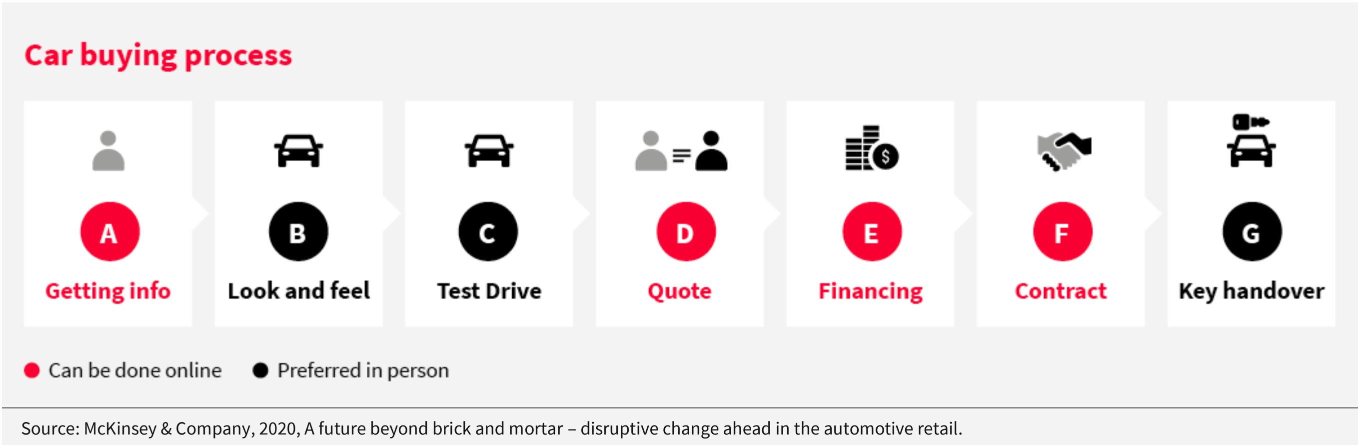
Enabling the Best Automotive Customer Journey

Even before the COVID-19 pandemic the current sales model of the automotive retail industry was challenged by shifting customer expectations, new mobility offerings and technological disruptions such as digitalisation, connected vehicles and vehicle electrification.

Dealers remain critical in the buying process...

- **Dealership visits are the No. 1 factor influencing purchasing decisions followed by test drives.**[1]
- **Customers make 2-3 dealership visits on average per car buying journey. Dealership visits are the prime opportunity to physically experience the car.**[1]

The business model of a dealership needs to evolve to reflect customer preferences and maintain their value-adding position in the buying journey. While consumers expect to be able to buy their next car online, dealers remain essential when making a car purchasing decision and stay the central point of contact. The graph below highlights when consumers prefer an offline touchpoint versus the aspects of the buying journey they would prefer to be done online.



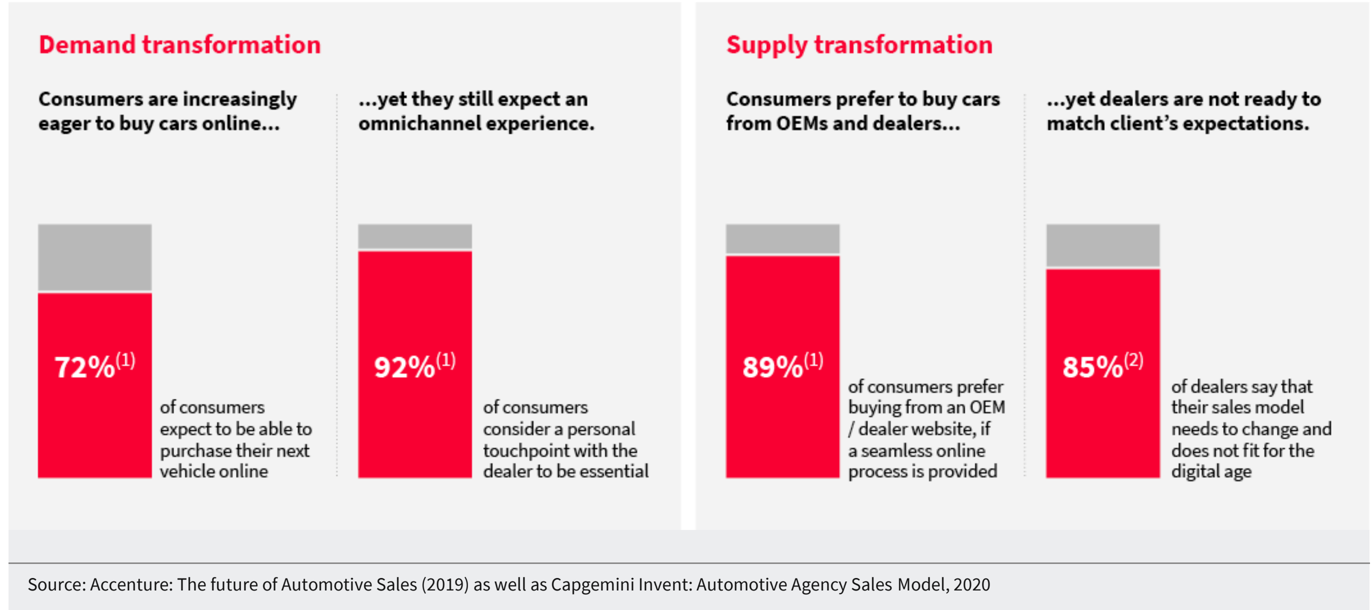
Source: McKinsey & Company, 2020, A future beyond brick and mortar – disruptive change ahead in the automotive retail.

[1] McKinsey & Company, A future beyond brick and mortar – disruptive change ahead in the automotive retail, 2020.

...but need to adapt to the omnichannel revolution

- **Big OEMs like Mercedes want to sell 25% of their cars online by 2025[2].**
- **72% of consumers expect to be able to buy their next car online[3].**
- **But only 15% of dealers think that their current sales approach fits the digital age[3].**

The current retail model no longer meets customers' expectations. While pain points differentiate highly there is a consistent pattern of a lack of omnichannel centric experience and the absence of transparency along the buying journey. In a survey conducted by Capgemini, 92% of customers consider a personal touchpoint as essential; however, in parallel, 72% claim that they expect to buy their next vehicle online[4]. The study showed that consumers prefer to buy from an OEM or dealer website if the online process provided is seamless. Dealers need an even stronger focus on value-adding activities for customers to remain relevant and establish a profound relationship with their customers.



Source: Accenture: The future of Automotive Sales (2019) as well as Capgemini Invent: Automotive Agency Sales Model, 2020

[2] McKinsey & Company, A future beyond brick and mortar – disruptive change ahead in the automotive retail, 2020.

[3] Capgemini Invent: Automotive Agency Sales Model, 2020

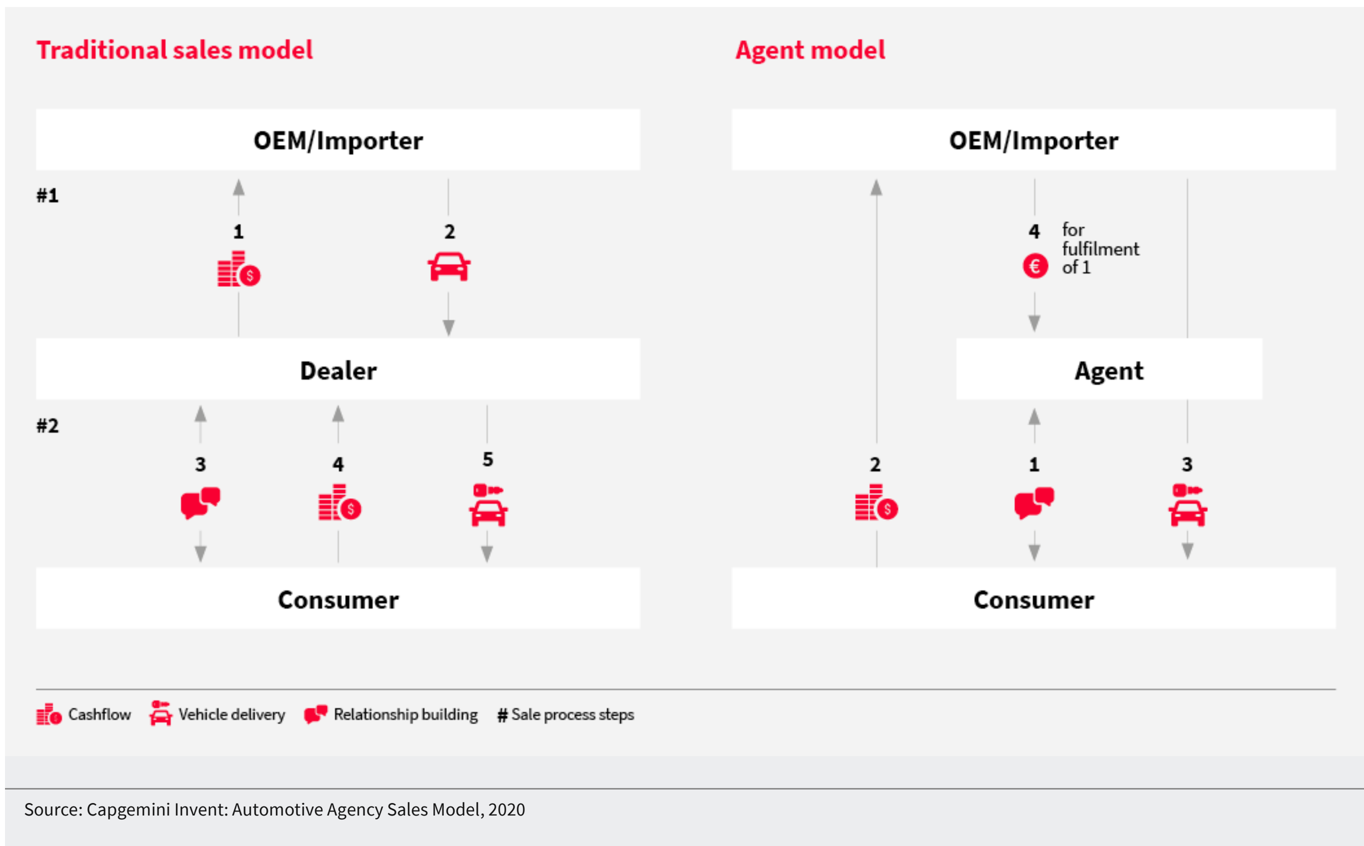
[4] Accenture, The Future of Automotive Sales, 2019.

A Mission Critical Solution

In an evolving market structure…

- **OEMs are putting pressure on dealer margins**
  The transition to an "agent model" forces dealers to be more customer centric and efficient in lead transformation.
- **The market is consolidating**
  In 2020 the number of dealers declined by 2% due to increased competition and higher operating costs[5].
- **There is increased competition in the used car market**
  B2C online platforms are gaining traction. While they are currently only handling 1% of the used cars sold, it's likely that this number will increase in the future.[6]

On a macroeconomic level the automotive retail industry is experiencing several trends simultaneously. Leading the transformation is the introduction of the agent model by the OEMs. The OEM hereby interacts directly with the customer and takes responsibility for the sale transaction, while the dealer acts as an agent. The aim of the model is to eliminate price competition of same dealer brands and further gaining back the control of margins. This effect is paired with a consolidation of the market, where big dealer groups benefit from an economy of scale. Lastly, online B2C platforms for used cars are introducing a new channel to consumers to market their used vehicles.

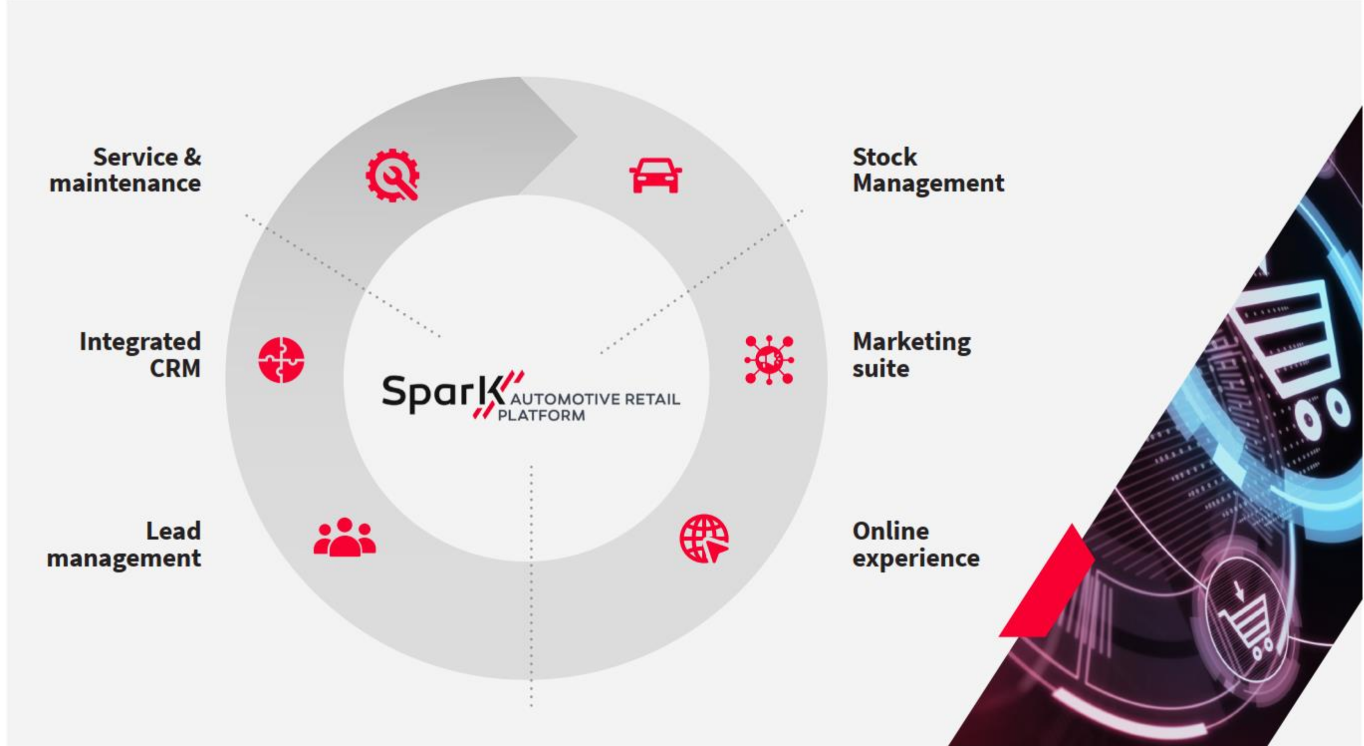


Source: Capgemini Invent: Automotive Agency Sales Model, 2020

[5] ICDP European Car Distribution Handbook 2020.
[6] Management assumption based on publicly available data

...MotorK enables dealerships to address these challenges

The MotorK founders identified these trends early on and saw an opportunity to build on; the SparK platform was born. SparK provides with its holistic offering the required tools to dealerships to master current market challenges and to remain competitive. The platform is tailor-made for the automotive industry and offers a range of automotive-specific features with respect to operations, marketing and sales. It is designed to be used on any scale, from small single showroom dealers to regional networks of franchise dealerships and automotive OEMs.



Our Business Strengths

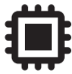
While the automotive industry is one of the largest industries in the world, it is highly traditional and fragmented, particularly the digital automotive retail industry. MotorK is well positioned to support the key players in the industry in terms of scale, product suite and regional exposure.

The Group is well positioned relative to its key competitors to benefit from structural growth in a large market primed for digital disruption

- The global automotive retail software market in the EMEA region, where the Group operates, is highly fragmented, with the Group estimating that no player has a market share exceeding approximately 0.5% of the overall market.
- The Group's competitive positioning within its market is supported by the Group's belief that following the effects of the COVID-19 pandemic, a SaaS platform is now perceived as essential by the key players in the market, whereas in the past it may have been considered as a non-essential product.
- The Group is well positioned relative to its key competitors in terms of scale, product suite and regional exposure, and can leverage this positioning to constantly improve its product and the customer experience.

The Group offers a first at-scale one-stop-shop SaaS platform for automotive retail

- The Group's platform supports customers throughout the entire vehicle lifecycle and customer journey with more than 100 automotive-specific features, providing a clear competitive advantage.
- If any new competitor wanted to replicate the Group's access to APIs, it would require a significant investment of financial resources and time (i.e. several years) by the competitor and the Group believes it would be able to respond effectively to the emerging threat.
- The Group's response would be supported by the more efficient process the Group has developed with respect to API integrations, which has reduced the time it takes to complete an integration from approximately five months to between two and three months.



Attractive value proposition driven by state-of-the-art technology and product features with substantial benefits

- The Group is staying ahead of its competition by dedicating substantial resources to R&D spend annually (28% of revenue in 2021) in order to continuously develop and upgrade its product suite, continue to provide advanced technology to customers and, more broadly, support its sustained growth.
- Through this focus on R&D, the Group has developed a highly efficient product suite built on state-of-the-art technology, as evidenced by the improvement in the performance indicators recorded by customers who have implemented the SaaS platform for the first time.
- Following the implementation of the SparK platform, the Group's customers tend to register an increase in the appointments booked, in the click to lead conversion rate and in the lead to sales conversion rate.

Our Business Strengths continued

Highly efficient go-to-market strategy resulting in a fast-growing and loyal customer base

- The Group is able to generate strong interest from potential customers, in particular through proof of value ("PoV") demonstrations, leading to 75% of appointments converting into contracts, according to a recent pipeline analysis in Italy that included upsell and cross-sell opportunities.
- The Group's product only represents 0.1% of its customers' revenue on average, according to management's estimate based on the Average Contract Value of customers and publicly available information.
- The Group has consistently grown its customer base, with the total number of customers more than doubling since 2017.
- MotorK has demonstrated a strong ability to retain customers, managing to reduce Churn rate in FY 2021 to 6.6% compared to 8.6% in FY 2020. The Churn rate level observed in FY 2020 was largely attributable to the impact of COVID-19. For reference, the group registered a 3.5% Churn rate in FY 2019. In parallel, the Group has exhibited a solid track record of continuously increasing customer value, with the Average Contract Value per retail customer growing annually on average at 19% since 2018. Overall, this resulted in a Net Revenue Retention Rate ("NRR") of 105% in FY 2021 up from 90% in FY 2020. The NRR level in FY 2020 was essentially affected by the increase in Churn rate related to the global impact of the pandemic. Before the impact of COVID-19, the Group's NRR was at 117% in FY 2019).
- The Group's sales strategy has proven effective in producing a high lifetime value ("LTV") relative to a comparatively low customer acquisition cost ("CAC"), resulting in a strong LTV:CAC ratio of approximately sixteen times (16x) for the FY2021. This represents a short payback period of 11 months, meaning it takes 11 months for the Group to recover the cost of the acquisition of a retail customer.

Attractive financial profile combining top-line growth, revenue visibility and strong margin potential

- The Group has a track record of rapid growth, having delivered a 31% Sales CAGR over 2018–2021.
- For the fiscal year 2021 54% of Group revenue was recurring revenue. Increasing the share of revenue derived from subscription-based contracts is a key priority of the Group.
- The Group has historically demonstrated operational excellence, enabling the Group to record a positive Adjusted EBITDA in 2021.
- As revenue continues to grow, the Group believes that it can reach a healthy level of Adjusted EBITDA Margin, benefiting from relatively low variable costs and natural operational leverage.

Highly experienced management team with technological expertise and an impressive track record of growing businesses

- The Group's management team has a proven track record of creating value for shareholders through developing powerful consumer insights, designing value enhancing products for customers and building scalable global operations, all while preserving the same visionary spirit that drove the business of the Group from the start.

Market Overview

The global automotive retail software market in the EMEA region, where MotorK operates, is highly fragmented, and we estimate that no player has a market share exceeding approximately 0.5% of the overall market.

MotorK's competitive positioning within its market is supported by our belief that following the effects of the COVID-19 pandemic, a SaaS platform is now perceived as essential by most of the players in the market, whereas in the past it may have been considered as a nice-to-have product by less digitally savvy dealers. This change in perception is due to the ongoing omnichannel evolution of the industry, which has been further accelerated by the COVID-19 pandemic.

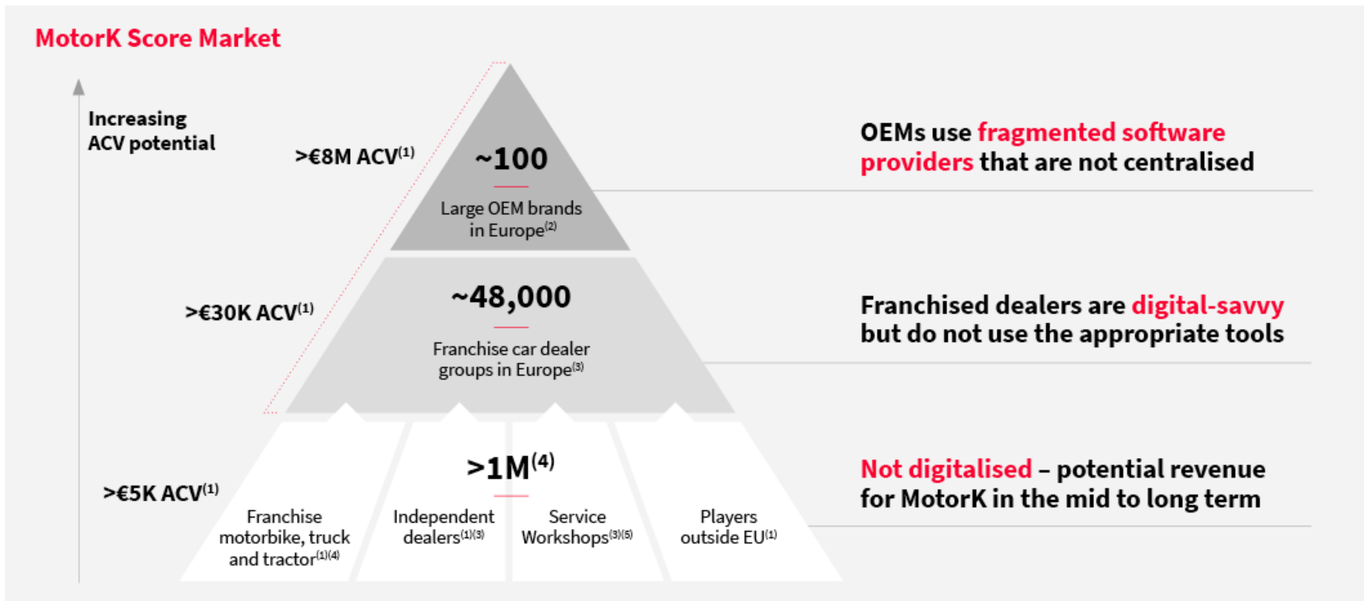
Addressing a large and growing market

€1.4BN	€4.8BN	€5.4BN
Current addressable market *(Automotive OEM & franchised dealers in Big 5 markets)*[7]	Automotive OEMs and all car dealers in Europe[8]	Automotive OEMS and dealers for all vehicles in Europe[8]

Source: Management estimate based on publicly available information

Underserved addressable market

In the context of the overall global automotive distribution market, MotorK operates exclusively in the automotive retail software market within the EMEA region. The structure of the reference market for the products and digital solutions offered by us consists of the following automotive retail players:

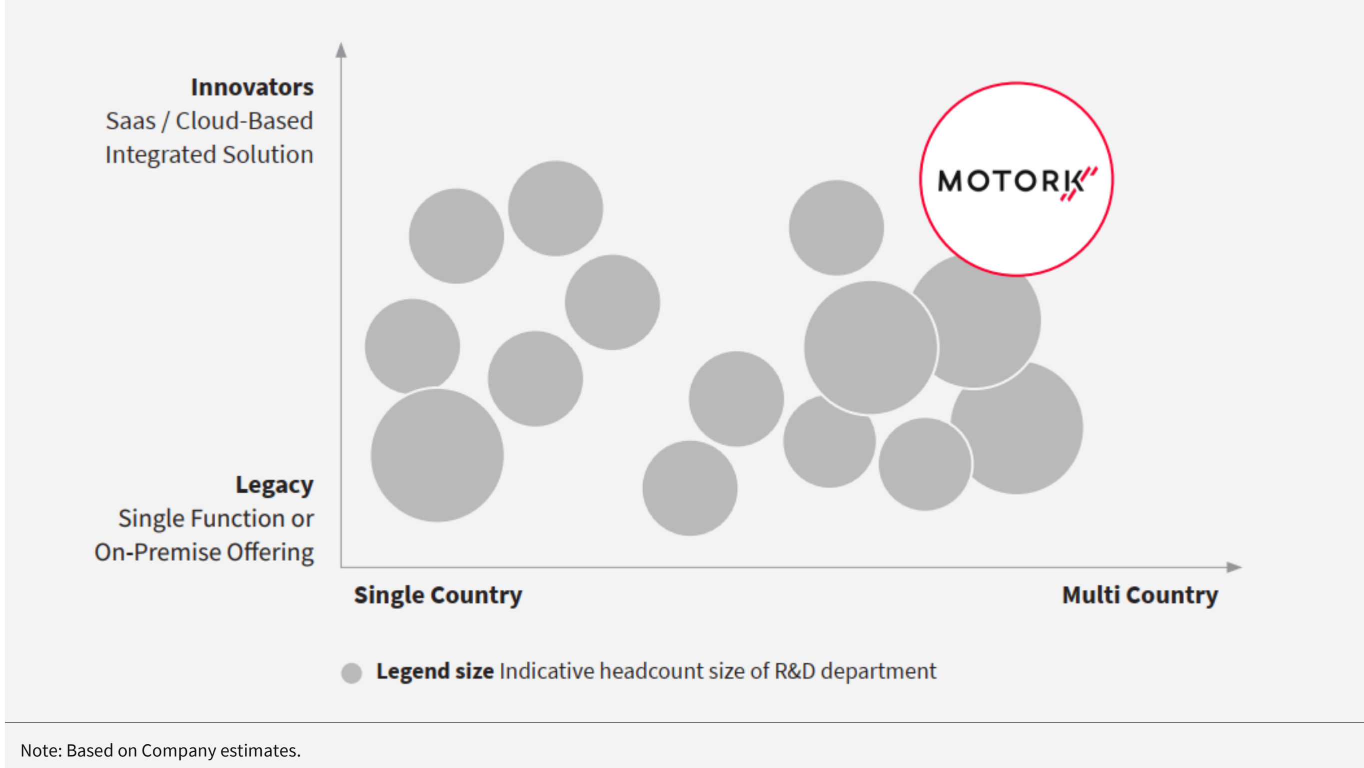


Source: (1) ACV represents the average contract value. Management assumptions based on forecasted pricing of existing product suite.
(2) Includes tractors, trucks and motorbikes – Cars OEMs brands, source: Sophus3: The Digital Car Buyers in Numbers, 2018.
(3) ICDP European Car Distribution Handbook 2020, 1.5 showrooms per dealer group assumption.
(4) Management estimates based on publicly available information for EU (CLIMMAR 2020).
(5) GIPA – 2020 Declarations enseigne / presse.

[7] Current addressable market = France, Germany, Great Britain, Italy, and Spain
[8] Data point of €4.8BN only includes car dealers, whereas data point of €5.4 BN includes any kind of automotive dealers such as truck, tractor, motorbike etc.

Unique positioning within the automotive retail software market in EMEA

We believe that we are well positioned in the competitive environment due to our scale, international presence and ability to anticipate and adapt to fast-moving trends in the automotive distribution industry.



Note: Based on Company estimates.

The diagram above illustrates a representation of the European competitive landscape, by comparing us with competitors in terms of size of R&D capabilities, regional footprint and approach to technology. We are able to strongly differentiate ourselves in our approach to technology, as we have chosen to develop a full SaaS solution from the start, whereas most competitors, and especially the largest, tend to have on-site, non-integrated solutions. Our regional footprint is also among the largest in the automotive retail software market, enabling us to address the needs of OEMs across multiples countries.

Global trends in automotive retail create opportunities

Future of mobility solutions

- Autonomous driving, electric vehicles and other advanced technologies are reshaping the automotive industry as we know it today.
- Big data and its analytics through predictive AI tools will be essential to remain competitive in the market and strengthen relationships with customers.
- A shared economy in big cities is changing behaviours and the need for ownership.
- For MotorK we see great momentum for dealers using our platform as we enrich our offering with predictive AI solutions.

Agent model

- Reinvention of the automotive sales model with a customer centric sales approach.
- Customers purchase cars directly from OEMs, while the dealer remains the single touchpoint for customer, but acts solely as an agent.
- Big organisational challenges for OEMs and dealers to ensure premium interaction for consumer.
- MotorK's holistic platform offers all parties the right tools to ensure a seamless customer journey.

Online disruption

- Tailored marketing activities to find the right momentum to engage with customers.
- Introduction of a new distribution channel: e-commerce platform, creating a seamless and hassle-free purchasing experience with full transparency.
- MotorK provides the right tools to OEMs and dealers to offer an enhanced omnichannel experience.

Note: API ("Application Programming Interface") is a type of software intermediary that allows two applications to exchange information. APP stands for mobile application.

Business Model

The European automotive market is currently going through a period of evolution.

As previously elaborated, technology-savvy consumers are increasingly seeking to purchase cars online but still expect an omnichannel customer experience – where they can shift across multiple channels and touchpoints, online and offline, in a seamless way. Despite this sea-change in customer behaviour, both OEMs and dealerships have been slow to digitise their offerings. Those that have invested in their infrastructure in the past now operate an inefficient and fragmented mix of IT systems across their operational, sales and marketing activities.

Our SaaS platform has been developed to deliver mission-critical automotive applications across the internet to address both of these challenges. The modular platform supports both the entire customer journey and the full vehicle lifecycle and can be scaled from managing the digital presence of a small single showroom dealer up to supporting the sales and marketing functions of a regional network of franchise dealerships for an automotive OEM across EMEA.

Currently, SparK offers around 100 automotive-specific features, providing a clear competitive advantage over less well-developed peers. We remain committed to investing in developing the platform's modules further so that we can maintain our lead over the peer group and in the last year alone invested (€7.8 million or 28% of revenue) in our R&D activities. The ongoing success of our model is driven by our commitment to bring the best software development talent into the business and retaining them through our team-based corporate culture and our internal talent development programmes.

This approach offers a clear value proposition to our automotive OEM and dealership customers. By passing the management of key applications to MotorK, they are freed from the cost of installing, maintaining and upgrading software. They can also avoid the complexity of software security and hardware management. Customers can choose which applications they want to meet their needs and simply require a secure internet connection to access them.

The Group's SaaS platform products are generally offered to dealerships under subscription agreements with terms of between 12 and 36 months (with certain agreements even longer in duration). These subscription agreements generate recurring revenues recognized point in time at the delivery of the platforms and visible cash flows for the Company. These cash flows support the ongoing development of the platform to deliver additional value-added modules of functionality, creating further stickiness with our customers.

What we do

SparK can be adapted to the needs of each customer by providing different configurations through the combination of its main modules:

Operations

A customisable lead management, CRM and marketing automation system module.

Sales

StockSparK

A stock management module created to manage and import stock (*i.e.* a set of information data, images, etc.) from multiple sources and export it online to maximise visibility for prospective purchasers through the integration of external channels.

LeadSparK

Is the digital CRM platform specifically designed to support the activities of car dealers and car manufacturers, allowing them to manage the entire business process from leads to post-sale engagement.

Marketing

WebSparK

Is the ready-to-use web platform that enables dealerships to maximise traffic acquisition and lead generation at a lower cost-per-lead.

AdSparK

Is an online marketing platform that uses the Group's data processing capabilities and technology to generate more leads and provide scalable, customisable, automated, high-performance digital campaigns, which are specifically designed for the needs of the automotive retail industry.

How we share value with our stakeholders

Customers

We substantially drive down the marketing lead generation costs for our customers, at the same time dramatically improving click-to-lead and lead to sale conversion rates. Our technologies play an important part in improving their operational efficiency, enabling them to quickly and effectively follow changes in consumer behaviour.

Employees

MotorK is an inspiring and dynamic place to work, fostering its employees through a culture based on an inclusive family spirit among its teams. We are aiming to play a pivotal role in the evolution of the automotive retail industry. Our digital technologies enable our employees to work at the forefront of this change and we support their development through a range of training schemes.

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.

Wider society

MotorK's technology helps both automotive OEMs and car dealerships pivot quickly to new consumer behaviours, making the car buying and ownership process more streamlined for their customers. The functionality of the SparK platform enables MotorK's customers to help consumers through an increasingly complex customer journey while at the same time delivering an integrated and holistic customer experience.

Our Strategic Framework

MotorK has a clear and simple business. Our strategy is built around helping our customers drive growth, which in turn enables us to increase our own scale and presence.

Our strategy is to focus activities and financial resources exclusively on the SaaS business for B2B customers in order to benefit from the higher margins and stronger revenue visibility. Within our SaaS platform we intend to continue to leverage expertise acquired in the development of ready-to-use systems for the automotive sector to develop and directly market – under the "SparK" brand – new modules covering a wider range of functions, to properly meet the evolving needs of customers and the market.

To deliver this strategy and to consolidate our position as Europe's leading automotive sales and marketing technology company we have a developed a model to drive our growth based on four pillars.

1 Product innovation

Realise our "Focus on R&D" programme: Grow tech teams, strengthen AI/ML

Develop new areas: e-commerce, visit-to-order customer experience

2 Growing our loyal client base

Cross-sell and upsell opportunities

Deepen current reach

Grow revenue engines (i.e. SparK-for-stock)

3 Winning new customers

Leverage **effective go-to-market** strategy

Increase S&M spend to accelerate growth

4 Winning new markets

Build on our **leading EMEA reach**

Replicate model to **new markets and expand target markets**

Growth strategy accelerated by M&A: Product innovation, customer acquisition, international expansion

1. Product innovation – Continued focus on innovation to further strengthen the value proposition of the Group

Improvement of existing products

WebSparK
- OEM showroom experience
- Support of all sales methods

LeadSparK
- Advanced appointment booking
- Centralisation of all touchpoints

AdSparK
- New marketing tools for dealers
- Marketing automation

New products

Online B2B sales and auction

Mobile applications for sales

Process

Expansion
- Expansion into different industries
- Expansion into all types of services

Development
- After-sales customer engagement and loyalty
- Development of asynchronous communication
- Full online sales process for dealerships
- Workflow customisation for fully tailored process

As a leading technology company in our market sector, innovation is in MotorK's DNA. Our ongoing focus on R&D activities allows us to provide our customers with solutions that are at the forefront of our industry, further strengthening our value proposition. Our commitment to R&D is borne out in our numbers: during the year to December 2021, we employed 98 people in R&D (mainly in our R&D centre in Italy). We also opened a second R&D centre in Portugal and in total spent €7.8 million on R&D during the period, equating to 28% of revenue (2020: €4.9 million, 25% of revenue).

We believe that our platform offers the richest functionality of any competing automotive retail system, but we are not resting on our laurels. We intend to improve existing products by introducing new functions, such as OEM show room and support of all sales methods; advanced appointment booking and centralisation of all the touch points; and new marketing tools and automations for our media module.

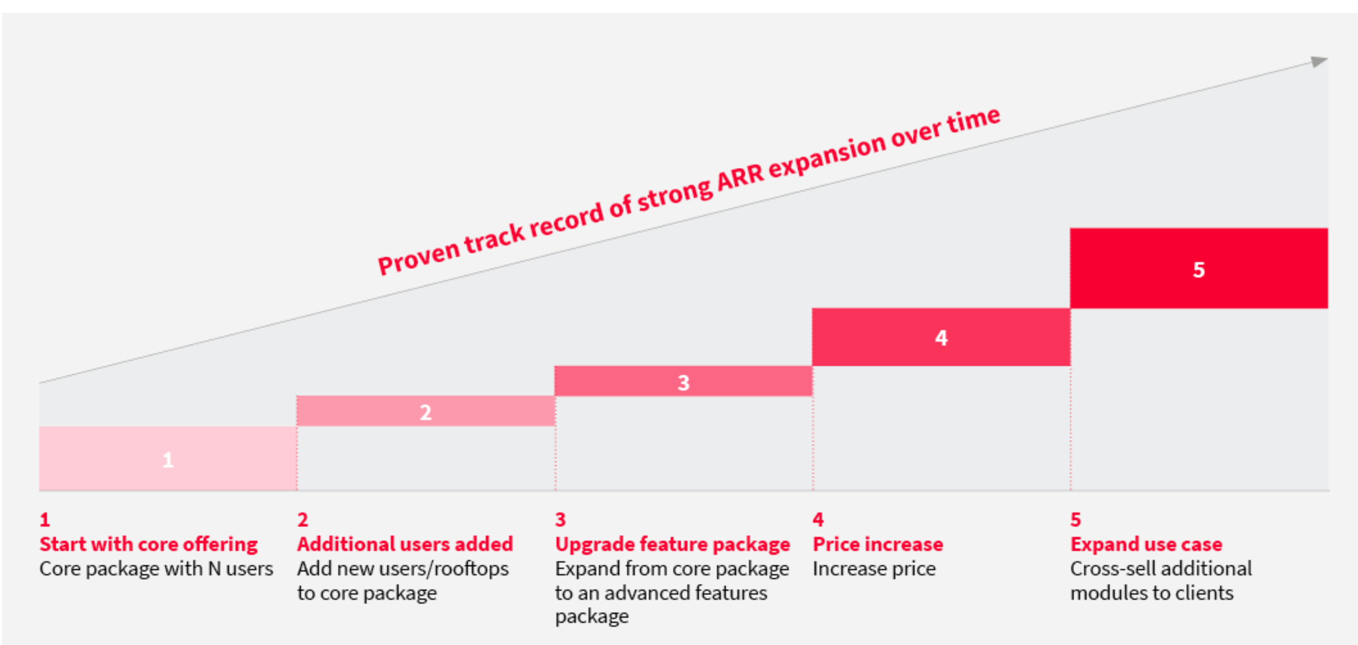
We also plan to launch new products in areas such as online B2B sales and auctions tools; a mobile application for sales. In addition, the Group is considering the expansion of its product offering into new verticals and introducing new types of services, as well as the potential development of new processes such as after-sales customer engagement and loyalty, asynchronous communication, a fully-online sales process and customisation of workflows.

During the period we grew ARR by 51% (of which 23% was organic) against the backdrop of an unpredictable automotive market which saw in the BIG 5[9] markets a new car registration down of 27% versus 2019 levels and at their lowest levels since 1985[10]. This situation was exacerbated by a shortage of semiconductors across the industry that is unlikely to be resolved until the second half of 2022.

2. Growing our loyal customer base – upselling and cross-selling

MotorK has developed strong relationships with its customers and has managed to steadily increase its ratio between ARR and number of customers. Our customers have chosen to increase the number or the value of services purchased from us as our value proposition to them has become stronger. Relationships with customers start with the purchase of the core offering of a module, which provides for a limited number of users. Over time, as they become more confident and adept with the functionality, they typically purchase additional users or add additional locations to their core subscription.

We plan to expand our existing customer base further through dedicated sales and customer success teams implementing cross-selling and upselling strategies that utilise existing modules to cross-sell, new products developed or acquired, new features available for upsell, as well as to expand to more users.

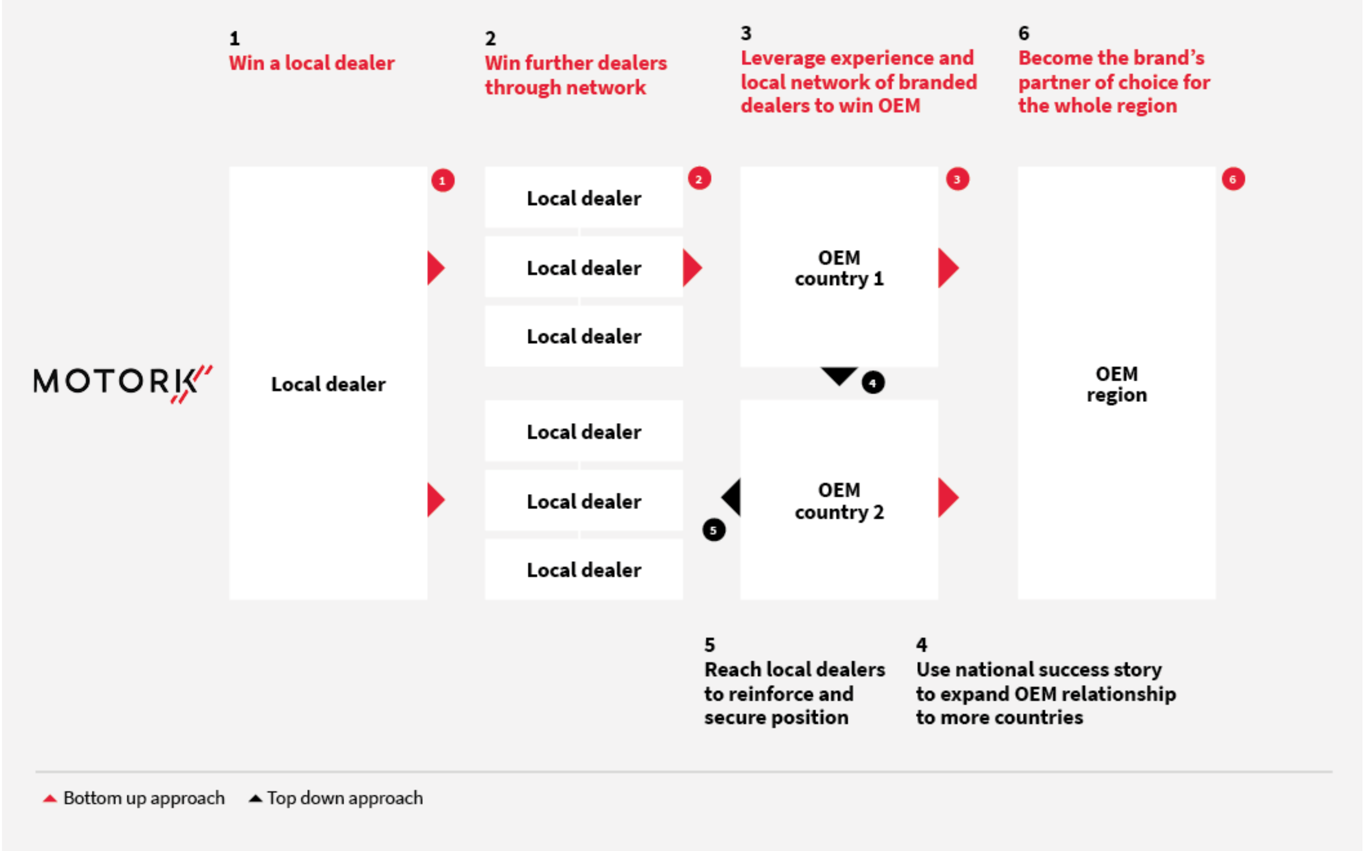


[9] BIG 5 in Europe: Germany, Spain, France, UK and Italy.

[10] JATO.com, New Car registrations in Europe's largest market at lowest since 1985, 14.01.22

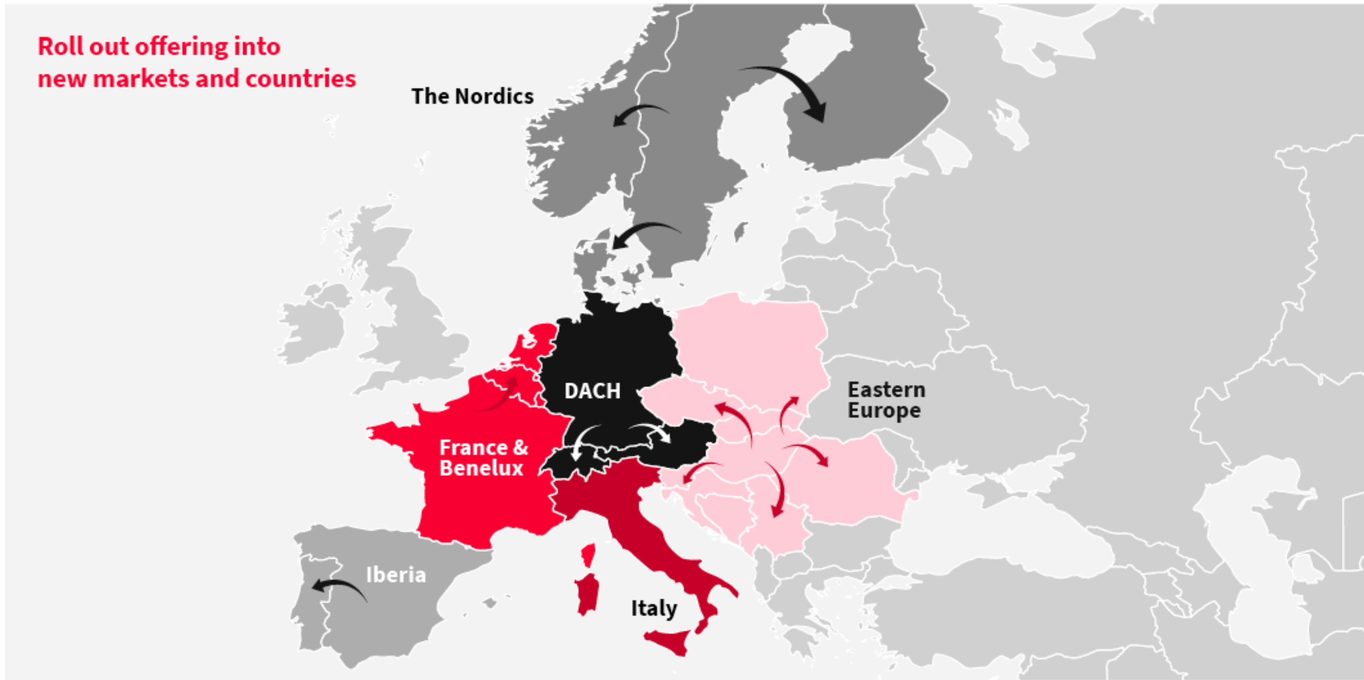
3. Winning new customers – Leveraging an effective go-to-market strategy to win new customers

Building on our successful track record of growing our number of customers we aim to win new OEMs and dealers by leveraging the strength of our product, executing a highly effective go-to-market strategy and by increasing brand visibility.

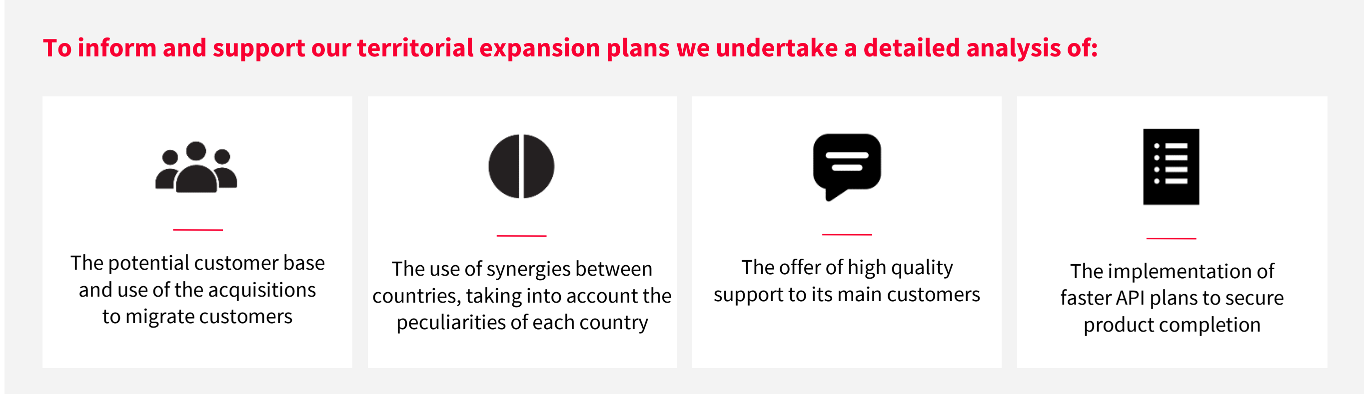


4. Winning new markets – Roll out offering into new markets and countries

MotorK is a market leader in Italy and has a strong market presence in France, Spain and Germany. We aim to replicate our existing business model in order to increase our presence in countries where we currently operate and expand into new countries within the EMEA region where we have complementary business and/or potential scale synergies.



In particular, we are focusing on expansion organically and through an ongoing acquisition plan. This growth is primarily focused on countries which are close to the geographic area in which we currently operate, such as the DACH area (Germany, Austria and Switzerland), France and Benelux. We are also looking to in-fill our presence in other countries in the EMEA region in order to achieve complete coverage in Europe (e.g. the Nordics and CEE regions).



Our organic growth strategy has been highlighted above and we are supporting this with a disciplined M&A strategy. We have successfully acquired and integrated six targets since our inception in 2010 and plan to continue to consolidate the market through:

- identifying targets which offer potential for us to add market share or to enhance our attractive recurring revenue model;
- identifying targets which offer potential for expanding our customer base or for cross-sell opportunities for our existing products; and/or
- developing innovative products which are complementary to our existing products.

Prior to our IPO in November 2021, we announced the acquisition of three accretive businesses:

- Fidcar SAS: a French company that has developed e-reputation and predictive marketing solutions that capture data related to the customer journey, using AI to determine the retail preferences and habits of customers.
- PDA DAPDA, SL and DAPDA Media, SL (together "Dapda"): a Spanish leader in providing digital lead generation and management tools to automotive retailers.
- FranceProNet SAS: a top-tier French digital agency specialising in web solutions for the automotive sector, providing dealerships with web design and specialised SEO-tools.

In aggregate, these acquisitions were made for a total consideration of up to €13.8 million in cash and stock, subject to certain performance-related conditions. The first two of these acquisitions completed during the current reporting period, with FranceProNet completing in February 2022.

Strategic priorities in 2022

Our priorities for 2022 remain focused on executing our core strategy across two main streams:

Organic growth priorities

1. Deliver more value to drive additional revenue from our existing customers
2. Maintain innovation focus to deliver new functionality
3. Continue to execute our go-to-market strategy to win new customers
4. Expand our existing operations into new geographic areas

M&A priorities

1. Continue to evaluate targets in the current pipeline
2. Concentrate on DACH and Benelux territories
3. Maintain financial discipline – recurring revenues and synergies

External Growth
Targeting 2-3 bolt-on acquisitions in the core targeted markets

Disclaimer

The Annual Report & Financial Statements contain 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 & Financial Statements and are expressly qualified in their entirety by the cautionary statements included in this Annual Report & Financial Statements. Without prejudice to its obligations under Dutch law and English law in relation to disclosure and on-going 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 & Financial Statements should be construed as a profit forecast.

Our ESG Vision

MotorK recognises the importance of sustainability in our business and the positive impact we can have by embracing ESG best practice. As a recently-listed company we are at a relatively early stage in our ESG journey, but we have already established a framework based on our core Values as a business. These form the foundation of our ESG Vision as we embrace five core United Nations SDGs:

ESG Vision

Our Values

FAMILY SPIRIT

GROWTH

INNOVATIVE

PASSIONATE ABOUT OUR CUSTOMERS

DO THE RIGHT THING

Environment

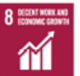
To ensure environmental protection and to strive to minimise impacts

Social

To ensure inclusiveness in the workplace, and to promote and secure the development and wellbeing of employees

Governance

To ensure transparency, ethics and lawful practices within the organisation and to integrate ESG aspects in day-by-day operations/activities



In order to execute this vision across our business, we have developed a diversified ESG strategy built on the four pillars of Governance, Human Capital, Environment and Customer Satisfaction:

Diversified ESG strategy relying on four main pillars

Governance

- Undergoing process to ensure one-third female presence on the Board on Directors in the next future
- Regular meetings regarding business performance to ensure transparency and inclusion towards employees

Human Capital

- Training programmes, covering topics beyond those strictly work-related
- Welfare plan tailored to employee needs
- Efforts to ensure flexibility during the Covid-19 pandemic, to allow employees to work in a safe environment
- Hiring campaigns for highly skilled candidates
- Approval of a bonus option for employees linked to the completion of the IPO

Environment

- Efforts to ensure minimal environmental impacts linked to the energy consumption, water consumption and waste production of our offices

Customer Satisfaction

- Undergoing process to implement a Net Promoter Score system in order to understand the degree of customer satisfaction

ESG objectives

Governance

- Appoint a Sustainability Ambassador in order to strategically promote ESG aspects
- Integrate the current policy and governance system with ESG aspects, such as inclusion and diversity, development and training of human resources, protection of the environment, health and safety at the workplace

Human Capital

- Formalise a smart working policy
- Implement a process of skills mapping and define a competency matrix to drive internal growth paths
- Evaluate the current remuneration practices in order to align role contribution with remunerations
- Define initiatives to improve meetings productivity

Environment

- Initiate a mapping and monitoring process of environmental impacts in order to define initiatives and solutions to further minimise impacts

Customer Satisfaction

- Leverage on the first results of the Net Promoter Score to define and implement an action plan and target potential improvements

Decreasing employee turnover rate [1]

Employee engagement survey

87%
Participation Rate

3.8/5
Overall Satisfaction

Note: (1) As of December 2021.

Financial and Operating Review

Group performance overview

During the financial year ended 31 December 2021 the Group has confirmed the strong growth track of the previous years. Revenue increased by 43% compared to FY 2020 amounting to €27.6 million. The robust performance was led by a strong organic growth of all revenue streams, and sustained by the contribution of the December revenues of the acquired companies for €0.3 million.

In terms of profitability, Adjusted EBITDA closed positive at €0.8 million.

Further details of Group performance are provided in the paragraphs below.

Results for the year

€'000	2021	2020
Revenues	**27,560**	**19,329**
Cost for marketing and call centre	(6,654)	(6,029)
Personnel costs	(17,553)	(12,340)
R&D capitalisation	3,490	2,661
Other costs	(6,008)	(4,754)
Adjusted EBITDA	**835**	**(1,133)**
Exceptional costs	(3,242)	(77)
Stock option plan cost	(9,714)	(134)
EBITDA	**(12,121)**	**(1,344)**
Depreciation and amortisation	(4,235)	(3,186)
EBIT	**(16,356)**	**(4,530)**
Finance costs	(4,818)	(1,820)
Finance income	11	16
Loss before tax	**(21,163)**	**(6,334)**
Corporate income tax	(2,765)	925
Loss – continued operations	**(23,928)**	**(5,409)**
Profit – discontinued operations	**403**	**42**
Loss for the period	**(23,525)**	**(5,367)**

Revenue
2021 Group revenue amounted to €27.6 million compared to €19.3 million in FY 2020, an increase of 43% year-on-year.

Revenue by product and service line

€'000	2021	2020	y-o-y change
€'000			
SaaS platform revenue	16,304	9,766	67%
Digital marketing revenue	7,674	6,805	13%
Other revenue	3,582	2,758	30%
Total	**27,560**	**19,329**	**43%**

The increase compared to the previous period is spread across all the revenue streams and led by the performance of SaaS platform revenue amounting to €16.3 million, an increase of 67% compared to the previous period.

Organic growth has been topped up by the December 2021 revenues contribution of Dapda and Fidcar, acquired in December 2021, for €0.3 million.

The strong revenue performance of the Group is confirmed by the 67% increase of recurring revenue to €14.8 million for the year ended 31 December 2021.

SaaS platform revenue

€'000	2021	2020	y-o-y change
Recurring revenue	14,820	8,868	67%
Contract start-up revenue	1,484	898	65%
SaaS platform revenue	**16,304**	**9,766**	**67%**
Recurring revenue as % of total revenue	**54%**	**46%**	**8%**
SaaS platform revenue as % of total revenue	**59%**	**51%**	**9%**

From a geographical standpoint the principal market continues to be Italy, representing 81% of Group revenues in both FY 2021 and FY 2020. The growth in FY 2021 is pushed by the subsidiaries of the Group, especially MotorK Deutschland GmbH which has quadrupled its revenues due to delivery to a major OEM client in Germany.

€'000	2021		2020		y-o-y change
UK	–	0%	103	1%	-100%
Italy	22,255	81%	15,604	81%	43%
Spain	1,495	5%	1,444	7%	4%
France	1,838	7%	1,671	9%	10%
Germany	1,972	7%	507	3%	289%
Total	**27,560**	**100%**	**19,329**	**100%**	**43%**

Opex

Costs, net of development costs capitalised, amounted to €26.7 million in 2021, an increase of 31% compared to the previous period, and in line with the accelerated growth strategy pursued by the Group. The change is mainly due to the increase of R&D costs (60% growth compared to the previous year) and personnel costs as shown in the tables below:

€'000	2021	2020	y-o-y change
€'000			
Total R&D expenses	7,850	4,902	60%
– of which capitalised	(3,490)	(2,661)	31%
– of which expensed in the income statement	4,360	2,241	95%
Total R&D expenses as a percentage of Group total revenue	**28%**	**25%**	**3%**

€'000	2021	2020
Salaries and other personnel costs	13,882	9,778
Social security costs	3,671	2,562
Total personnel costs	**17,553**	**12,340**

Adjusted EBITDA

Adjusted EBITDA for the year was €0.8 million compared to a negative Adjusted EBITDA for the previous period (negative for €1.3 million). 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 €3.2 million include mainly IPO costs accounted for as per IAS 32 of €1.9 million, €0.4 million related to severance payment indemnities and related costs for employees who left the Group and have not been replaced, and €0.4 million for M&A related costs. Stock option plan costs amounted to €9.7 million with the Increase compared to last year mainly relating to the vesting of a certain amount of stock options assigned to key employees on the day of the IPO.

Finance costs

Finance costs for the period were €4.8 million compared to €1.8 million in 2020. The increase compared to the previous period is mainly due to the €2.3 million one-off cost related to the repurchase of the warrants over shares, entitled to European Investment Bank, in the context of the repayment of the financial loan in place which occurred at the end of November 2021.

Taxation

Corporate income tax was negative for €2.8 million (positive for €0.9 million in 2020) and it is composed by the tax provision in Israel for €2.1 million and by the write-off of the deferred tax assets accrued last year for €0.7 million. Management did not accrue deferred tax assets on tax losses to carry forward and other timing differences in the UK and Italy for an amount of approximately €4.6 million.

Loss for the year

Loss for the year was €23.5 million compared to a loss of €5.4 million for the previous period. Despite the strong revenue performance, the loss for the year is higher by €18.1 million due to both the one-off costs incurred during the year and to the fact that the Group continued to invest in people and R&D with the aim to enhance the structure and support our strategy geared at exponential growth in the incoming years.

Group capital structure and financial position

€'000	2021	2020
Tangible assets	3,076	1,693
Intangible assets	17,953	9,862
Deferred tax assets	–	698
Fixed assets	**21,029**	**12,253**
Contract assets	**13,580**	**10,204**
Net working capital	**(3,761)**	**(496)**
Net assets available for sale	**3,278**	**3,649**
Deferred tax liabilities	**(659)**	**(245)**
Employees benefit liability and provision	**(3,475)**	**(2,634)**
Total invested capital	**29,992**	**22,731**
Cash and cash equivalents	43,257	11,824
Financial assets	106	262
Financial liabilities	(8,958)	(32,683)
Net financial position	**34,405**	**(20,597)**
Net equity	**64,397**	**2,134**

Fixed assets

Fixed assets were €21 million as at 31 December 2021 compared to €12 million as at 31 December 2020. The increase of €8.7 million was mainly related to R&D capital expenditure, net of depreciation of the year for €0.4 million, and to goodwill and other intangible assets arising from the allocation of the consideration paid for the acquisition of companies completed by the Group in December 2021.

Contract assets

Contract assets were €13.6 million as at 31 December 2021 compared to €10.2 million as at 31 December 2020. Contract assets represent the right to bill (net of invoices already issued) related to the DealerK SaaS 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 to the previous period is related to the increase of SaaS platform revenues as reported above.

Net assets available for sale

Net assets available for sale were €3.3 million as at 31 December 2021 compared to €3.6 million as at 31 December 2020. Such financial caption includes the net between intangible assets, trade receivables and trade payables of the business unit DriveK, classified as held for sale as per IFRS 5.

Net financial position

Net financial position was a net cash position of €34.4 million as at 31 December 2021 compared to a net debt position of €20.6 million as at 31 December 2020. The change compared to last year is related to the proceeds cashed by the Group following the IPO which occurred in November 2021 for an amount of approximately €70 million, net of bank commission. In order to re-balance the financial structure of the Group and reduce borrowing costs, part of the IPO proceeds have been used to pay €25.7 million, including interest and other sums accrued, for the reimbursement of the financial loans in place. For a further analysis of cash flow movements in 2021, please refer to the paragraphs below.

Net equity

Net equity was €64.4 million as at 31 December 2021 compared to €2.1 million of the previous period. The increase compared to last year is mainly related to the capital increase following the IPO which occurred in November 2021, and additionally, due to the net result of the year.

Group cash movements for the year

€'000	2021	2020
Cash and cash equivalents at the beginning of the period	**11,824**	**9,406**
Adjusted EBITDA from continuing operations	835	(1,133)
Decrease/(increase) in working capital	763	(380)
Decrease/(increase) in contract assets	(3,376)	1,020
Operating free cash flow	**(1,778)**	**(493)**
Taxes paid	(127)	(250)
Cash flow from investing activities – tangible assets	(132)	(17)
Cash flow from investing activities – R&D	(3,552)	(3,179)
Free cash flow	**(5,589)**	**(3,939)**
Exceptional items	(2,681)	(77)
Free cash flow from discontinued operations	774	2,899
Cash flow from investing activities – M&A	(5,350)	0
Cash flow from financing activities	(25,791)	3,982
Cash flow from equity movements	70,065	0
Others	5	(447)
Net increase/(decrease) in cash and cash equivalents	**31,433**	**2,418**
Cash and equivalents at the end of the period	**43,257**	**11,824**

Operating free cash flow
Operating free cash flow was negative €1.8 million in FY 2021 compared to €0.5 million in FY 2020. Operative cash burn compared to the previous period is related to the increase of working capital due to the increase of contract assets which has drawn cash of €3.4 million in 2021.

Free cash flow
Free cash flow was negative €5.6 million in FY 2021 compared to €3.9 million in FY 2020. Cash burn compared to the previous period is due to the result of operating free cash flow and R&D investments for €3.6 million compared to €3.2 million in FY 2020.

Cash flow from investing activities – M&A
Cash flow from investing activities amounting to negative €5.4 million represents the consideration paid for the acquisition of PDA DAPDA, SL, DAPDA Media, SL, Fidcar SAS and Liotey Sarl, net of the cash acquired.

Cash flow from financing activities and equity movements
The cash flow from financing activities (including cash flow from equity movements) is positive for €44.3 million and is related to the following offsetting reasons: IPO capital increase occurred in November 2021 for approximately €70 million net of bank commission and repayment of financial loan in place including interests as shown in the table above.

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 any 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 (key financial covenants are included here)

Loan reimbursement and refinancing
As previously communicated to the market in the first months of 2022, the Group has completed the reorganization of its financial structure, repaying the loan in place with Creval for €0.4 million and refinancing the loan with Illimity Bank by obtaining fresh liquidity for €1.8 million with a longer maturity date and reduced borrowing costs. The new loan in place with Illimity Bank is guaranteed by SACE SIMEST for 90% of its principal amount and new financial covenants are in place to be tested annually, starting from December 2022: leverage ratio (net financial position / EBITDA) and gearing ratio (net financial position / net equity).

Acquisition of FranceProNet SAS
On 1 February 2022 MotorK Group completed the acquisition of FranceProNet SAS (“FranceProNet”), a top-tier French digital agency specialising in web solutions for the automotive sector. FranceProNet is a trusted partner to dealers seeking to unlock the full potential of digitalisation, providing them with web design and a highly specialised SEO-first approach refined over nearly 20 years, while also integrating training, digital marketing and lead generation services.

The integration of such a company in MotorK Group will leverage the technological expertise and extensive local market knowledge to further reinforce the strategy of the Group.

Outlook

In the first months of 2022 the international context appears to be even more challenging than the previous year. Although the impacts of the pandemic are lessening and, at the date of this financial statements, it is reasonable to think that the regional lockdowns put in place during 2020 and 2021 will not be repeated in 2022, the international environment has been shaken. Firstly, by market volatility due to the possible increase of interest rates applied by international central banks, and secondly, beginning in the last days of February 2022, by the ongoing crisis between Russia and Ukraine. Such conflict is negatively impacting the automotive industry, and even if the Group does not operate directly in such markets and no key suppliers are based in Russia and Ukraine, the persistence of the conflict may cause issues in terms of supply-chain constraints for the industry in general. 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. That being said, at this stage, given the nature of the business of the Group, MotorK confirms the previously stated guidance in terms of revenues, EBITDA and ARR mentioned in this annual report.

Financial KPIs

We monitor the key 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
Annual recurring revenue (ARR) **€15.1M** vs €10M 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.	It represents the yearly subscription value of the Group's customer base at the end of the reporting period.	The Group expects ARR for FY 2022 to be in the range €28-30 million.
Revenue growth **43%**	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 targets for FY 2022 a growth of approximately 63-71% including revenue from M&A.
Recurring revenue as % of total revenue **54%** vs 46% last year	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 revenues as a percentage total Group revenue.	The Group targets 70% recurring revenue for FY 2022.
Organic revenue growth **41%**	Due to the number of acquisitions the Group makes this measure helps to make revenue data comparable year-on-year.	Calculated as increase in revenue percentage year-on-year without taking into account revenues generated by new M&A during the year.	The Group targets for FY 2022 an organic growth of approximately 30%.
Adjusted EBITDA **€0.8M** vs -€1.1M 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 and stock option expenses.	The Group targets for FY 2022 an adjusted EBITDA in the range between €9-9.4 million.
Adjusted EBITDA margin **3%** vs -6% 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 targets for FY 2022 an Adjusted EBITDA margin of approximately 20%.

Data shown are related to FY 2021 (compared to the previous year period where needed).

Stakeholder Engagement and S172 Statement

"Engaging with all our stakeholders in our day-to-day business is a core part of the Group's strategy"

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. The Board considers its key stakeholders to be its employees, customers, suppliers and investors. 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.

This section comprises our Section 172 statement, setting out how the Board have, 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.

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	COVID-19 considerations
Employees	• Our services are rendered almost entirely by our internal workforce, with limited outsourcing. • Employees represent our biggest asset and their relevant costs have the greatest impact on our P&L compared to other factors. • We have a legal and ethical responsibility to their wellbeing.	• Training and development. • Wellbeing. • Internal communication and participation. • Group culture engagement.	• Regular employee satisfaction surveys. • Regular Townhalls open to all employees. • Access to training both for personal development and on work-related topics. • Share options plan extended to all employees. • Bonus options granted for the IPO. • Company cruise in November for all employees. • Comprehensive objectives and key results system put in place to align Company and personal goals.	• We have constantly aligned our remote working policies to the pandemic evolution throughout the year, opening our offices when feasible and ensuring social distancing and safety.
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 partnership. • Careful selection of trustworthy suppliers.	• Implemented regular monitoring of Net Promoter Scores[1].	• In certain cases, we offered temporary discounts to customers affected by the automotive market slowdown due to the pandemic. • Our training services have been converted from physical to remote.
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.	• IPO funding. • Communication with investors.	• Set up of a new investors' section on our website. • Completed an IPO with the support of the pre-existing shareholders and attracting a vast majority of new investors with a long-term investment view. Total raise of €75 million. • Started coverage by two analysts' houses. • Met with more than 250 potential investors, both one-to-one and in group meetings.	• Our IPO roadshows and investors' meetings were almost entirely held remotely.

[1] Note: if it is intended to include NPS data in the strategic report, consider cross-referring to those scores.

Principal Risks and Uncertainties Facing the Company

Risk management framework

In order to pursue our growth strategy we recognise the importance of balancing entrepreneurial spirit and a conscious risk-taking approach. As a newly listed company we are making multiple efforts to improve our risk awareness and to emphasize the importance of risk management. We strongly believe that controlled risks will result in long-term value for our stakeholders.

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 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 accomplishments 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 cyber security, and tax.

Management
Group management is responsible for enacting guidelines, projects and activities under the Board's 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 profile

MotorK sets out the risk appetite using internal and external sources, and interviews with management and stakeholders of the Group. Due to the listing of the Company in November 2021, the Board of Directors has been working to set up the highest standards of risk management, through the following main actions:

- Setting-up of proper governance in view of the listing. All the relevant bodies have been formed and organised, and all the required procedures, rules and charters have been approved and published.
- Addressing specific areas in 2021:
  - Cyber security. During 2021, management conducted a comprehensive cyber security assessment with the assistance of an external firm specialised in the field. Moreover, the Company entered into a new cyber risk insurance policy with a primary insurer.
  - Privacy. A new Data Protection Officer has been appointed, represented by an external firm specialised in this domain. Since appointment, a comprehensive review has been executed and actions are currently being carried out in line with the identified improvement plan.
  - D&O insurance coverage review. The Company entered into a new D&O insurance policy in line with the higher standards required for a listed entity.
- Kick-off of a comprehensive risk management review project. Management kicked-off a risk management review, requiring the support of a specialised external firm, whose main goals are expected to be delivered by H1 2022, including:
  - a risk assessment report;
  - a five-year risk management plan;
  - address of first improvement priorities identified.

Risk identification

The risk identification phase is to identify risks which could endanger the achievement of our strategic objectives in the short and long term. A continuous assessment of various factors is needed. To facilitate the risk identification process we have defined three different risk categories: a) industry and market risks, b) business operation risks and c) legal and financial risks. It is worth mentioning that risks may also be interdependent, meaning an increase in one category of risk may cause an increase in others. It is the responsibility of the Executive Management Team to be aware of this interdependence and assess the effect in a consistent and inclusive manner.

The principal risks identified to which the Group is exposed are set out below, together with a detailed description, the likelihood of occurrence in the near term and the actions taken to mitigate such risks:

Scale of risk: 1 to 3, with 1 being the most likely

Industry and market risks

Risks	Risk description	Mitigation	Likelihood in the near term
Dependence on the automotive distribution market	Dependence on the automotive distribution market, which is highly sensitive to geo-political and macroeconomic conditions and is subject to a high level of fluctuation. Such a level of fluctuation could lead to reduced demand for the Group's services.	• The growth strategy of the Group provides a differentiation of geographical area in which the business will be expanded. • MotorK continuously adjusts its business propositions in order to offer a key service for its customers despite market fluctuations.	2

Business operation risks

Risks	Risk description	Mitigation	Likelihood in the near term
Failing to meet the growth strategic targets	The Group may fail to successfully complete acquisitions as part of its growth strategy, and therefore fail to sustain its growth rate, or could face unexpected risks related to expansion in new international markets by failing to conduct due diligence, and therefore failing to achieve synergy.	• MotorK Group has established a dedicated team focused on post-merger integration activities to ensure synergies are met. • Ongoing monitoring of post-merger integration KPI. • Involvement of "Big 4" firms in the due diligence process. • Retention plan for key employees of targets companies.	3
Cyber vulnerabilities	The Group's internal IT systems, or those of its partners, providers or consultants, may fail or suffer cyber-attacks, security breaches, system outages and other incidents, which could result in a material disruption of the Group's product development programmes and subsequent losses and possible reputational damages.	• Antivirus and antimalware protection systems. • First cyber assessment run by a third-party company. • Coverage insurance policy in place. • Introduction of appropriate warranties and guarantees clauses in contracts with third parties.	3

Legal and financial risks

Risks	Risk description	Mitigation	Likelihood in the near term
Credit risk	Credit risk is the risk of financial losses if a counterparty fails to meet its contractual obligations. The Group is mainly exposed to credit risk from receivables towards customers.	• Group exposure is monitored centrally by the finance department and by top management on a periodical basis. • Specific credit collection policies are applied in all Group subsidiaries. • No significant concentration of counterparties given the number of customers. • No historical track record of significant credit losses.	3
Liquidity risk	Liquidity risk is the risk that MotorK Group will not be able to meet its financial obligations as they fall due.	• Liquidity risk is managed centrally and continuously assessed by management. • Cash flow forecast projections are drawn up periodically and reviewed at regular intervals based on adjusted projections. • MotorK maintains adequate cash available in banks to meet the short-term obligations by matching the maturity profiles of financial assets and liabilities.	3
Data protection issues	Risk relating to a breach of applicable data protection laws and regulations.	• Appointment of a Data Protection Officer pursuant to EU Data Protection Legislation. • Data Protection Officer appointment attached to contracts involving the processing of personal data.	3
Risk of infringement of intellectual property rights	Risk relating to the Group's ability to secure and protect its intellectual property and the infringement of intellectual property of others.	• Introduction of appropriate warranties and guarantees clauses in the contracts.	3

Board Approval

Approved by the Board on 5 April 2022
Marco Marlia
Director
5 April 2022

CORPORATE GOVERNANCE

Governance Section

Amir Rosentuler
Chairman

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 first corporate governance report for the period ended 31 December 2021. 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 good governance processes in place relative to the Group's global corporate size, and in 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 https://www.mccg.nl/publicaties/codes/2016/12/8/corporate-governance-code-2016-en.

The Company fully endorses the underlying principles of the Dutch Governance Code and applies the Dutch Governance Code as the guiding principles for its corporate governance policy. The Company complies with relevant best practice provisions of the Dutch Governance Code in a manner consistent and proportional 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 42 to 44 for more details.

During the financial year ending 31 December 2021, the following changes were made to the Group's key corporate governance arrangements:

- I was appointed as a Non-Executive Chairman and Independent Director in June 2021 (information on my background can be found on page 47);
- the Remuneration Committee, the Audit Committee and the Selection and Nomination Committee were formed in anticipation of the listing of the Company's shares;
- the terms of reference for the functioning of the Remuneration Committee, the Audit Committee and the Selection and Nomination Committee were adopted; and
- a diversity policy in respect of specific diversity targets to promote diversity within the Board was also adopted.

The above-mentioned terms of reference and diversity policy are published on the Company's website.

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 website).

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 and headquartered in Italy. It acts as a holding company for its subsidiaries, details of which are set out on pages 81. MotorK's shares are listed on the Euronext Amsterdam.

MotorK has a two-tier governance structure formed of 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 one Executive and four Non-Executive Directors. The Board of Directors considers that Amir Rosentuler, 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 which 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 due to the restrictions imposed as a result of the COVID-19 pandemic) 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 45.

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 Director 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 nine key members, including the CEO, each of whom oversees a specific aspect of the business. Details of the Executive Management Team can be found on page 49.

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 website. A summary of the activities as from the listing and during the year ended 31 December 2021 of each of the below-mentioned committees can be found on page 48.

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, 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 Amir Rosentuler as a member. 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.

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 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.

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 page 33.

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 also regularly meets with the external auditor on matters identified in the course of the statutory audit.

Furthermore, the Company has selected an advisor that will support the Company in its development of the internal control and risk management systems during the next financial year.

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 possibly may 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 website).

Advisors

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

The Company has engaged remuneration experts, who provide advice to the Board of Directors in relation to remuneration. Additional information can be found in the Directors' Remuneration Report on page 56.

In addition, the Company has engaged primary law firms as advisors 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 below. 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.	Share options cannot be exercised during the first three years after they are awarded. A number of the options granted under the 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.
Principle 3.1 states that the remuneration policy applicable to executive board members should be clear and understandable, should focus on long-term value creation for the company and its affiliated enterprise, and take into account the internal pay ratios within the enterprise. The remuneration policy should not encourage executive board members to act in their own interest, nor to take risks that are not in keeping with the strategy formulated and the risk appetite that has been established. The non-executive directors are responsible for formulating the remuneration policy and its implementation.	The Company does currently not have a remuneration policy in place.	The remuneration policy will fundamentally codify the existing principles as previously communicated to potential investors pre-listing. This remuneration policy will be presented for approval by shareholders at the 2022 AGM.
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, and 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.

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;
- 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 (Chief Executive Officer) and Andrea Servo (Chief Financial Officer) 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 2021, as well as the profit for financial year 2021 of the Company and the companies included in the consolidation;
- the Annual Report provides a true representation of the situation on 31 December 2021, and the course of business at the Company and at companies included in the consolidation for the financial year 2021 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 4.

Diversity policy

We have adopted a diversity policy for the Board of Directors. The diversity policy 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

We have 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 website.

The Company closely monitors the effectiveness of and compliance with the Code of Conduct. Violations of the Code of Conduct are usually determined 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

Introduction

This is the report of the Non-Executive Directors of the Company over the financial year 2021, as referred to in best practice provision 2.3.11 of the Dutch Governance Code.

Pursuant to the Dutch Governance Code it is the responsibility of the Non-Executive Directors to supervise the policies carried out by the Executive Director 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. With a view of maintaining supervision on 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 Director.

Details of the current composition of the Board of Directors, including the Non-Executive Directors, are set forth in the section "Board of Directors" on pages 47 to 48.

Supervision by the Non-Executive Directors

The Non-Executive Directors supervise the policies carried out by the Executive Director and the general affairs of the Company and its affiliated enterprise. In so doing, 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, 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.

As from listing, there was one meeting of the Board of Directors during the year 2021. An overview of the attendance of the individual Directors per meeting of the Board of Directors and its Committees is set out below.

Director	Board of Directors	Audit Committee	Remuneration Committee	Selection and Nomination Committee
Amir Rosentuler	1/1	--	--	–.
Marco Marlia	1/1	--	--	–.
Måns Hultman	1/1	--	--	–.
Laurel Charmaine Bowden	0/1	--	--	–
Mauro Pretolani	1/1	--	--	–

During this meeting, the key topics discussed related to: the Group's acquisitions and the preliminary 2022 Budget.

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

Independence of the Non-Executive Directors

Best practice provisions 2.1.7, 2.1.8 and 2.1.9 of the Dutch Governance Code contain detailed rules relating to the independence of Non-Executive Directors. 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. Currently, three out of four Non-Executive Directors are considered to be independent in this sense.

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.

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

The Non-Executive Directors are expected to meet to discuss the functioning of the Board of Directors and its Committees, the functioning of the Chief Executive Officer, the corporate strategy and the main risks of the business, pursuant to best practice provisions 2.2.6, 2.2.7 and 1.1.2 of the Dutch Governance Code.

As from listing, there was one meeting of the Board of Directors during the year 2021. Moreover, certain items were submitted and resolved by the Board of Directors through specific written resolutions, as provided by the Company's by-laws. The Board of Directors intends to hold an evaluation during the year 2022 after a proper initial functioning period.

Committees

Audit Committee

A description of the Audit Committee's role, responsibilities and composition is set out on page 40. As from the listing and during the year ended 31 December 2021, the Audit Committee has initiated the selection of an advisor that will support the Company development path of the internal control and risk management system in 2022.

Remuneration Committee

A description of the Remuneration Committee's role, responsibilities and composition is set out on page 41. As from the listing and during the year ended 31 December 2021, the Remuneration Committee undertook the preparatory work for the drafting of the Company's Remuneration Policy, including the adoption of a new share-based remuneration scheme.

Selection and Nomination Committee

A description of the Selection and Nomination Committee's role, responsibilities and composition is set out on page 41. As from the Company's listing and during the year ended 31 December 2021, the Selection and Nomination Committee, on the basis of the Retirement Schedule of the Board of Directors posted on Company's website, focused on the reappointment of the Group's CEO, Marco Marlia. During the course of the next financial year, 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.

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 for it 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 are 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 the relevant subject matter experts throughout the Company.

Board of Directors

Amir Rosentuler Chairman / Independent Director

Mr. Rosentuler, who currently serves as the Non-Executive Chairman of the Company, joined the Group in 2020. Mr. Rosentuler 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, Mr. Rosentuler 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 Program at Babson College.

Marco Marlia CEO & Co-founder

Mr. Marlia, who is currently the CEO of the Company, joined the Group in 2010 as a co-founder. Mr. Marlia is a serial entrepreneur experienced in running digital companies. In addition to the Group, Mr. Marlia has 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 and he is author of various books such as "Il Metodo DealerK" and "Wikis: Tools for Information Work and Collaboration". Further, Mr. Marlia earned a bachelor's degree in Institutions and Financial Markets from Bocconi University.

Måns Hultman Non-Executive Director / Independent Director

Mr. Hultman has over 30 years of experience in the technology industry. He was chief executive officer of Qlik and a member of the board of directors of Hybris (since acquired by SAP). Since 2012, he has been 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.

Board of Directors continued

Laurel Charmaine Bowden Non-Executive Director

Ms. Bowden 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, MotorK, 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 & Electronic Engineering from the University of Cape Town and an MBA from INSEAD.

Mauro Pretolani Non-Executive Director / Independent Director

Mr. Pretolani is senior partner at Fondo Italiano d'investimento SGR, a venture capital fund mainly acting 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. Further, Mr. Pretolani earned a bachelor's degree in Business and Economics from Sapienza Universita 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

Mr. Servo, currently the global CFO of the Company, joined the Group in 2021. Prior to joining the Group, Mr. Servo served as chief financial officer of DentalPro, Italy's leading dental services provider and a portfolio company of BC Partners, where he led the company through various extraordinary 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 & Business from the University of Turin and is a chartered auditor and accountant in Italy.

Etienne Jacquet (appointed January 2022) VP of Corporate Development & IR

Mr. Jacquet, currently Vice President Corporate Development and Investor Relation, is a highly experienced corporate finance leader and dealmaker, having completed over €100 billion worth of transactions across various jurisdictions and industries in the last 15 years. He most recently served as director of corporate finance & investor relations at Econocom SE, a European leader in digital transformation services, listed on Euronext. During his tenure, he executed several divestitures as part of the group's deleveraging objective and developed a multiyear acquisition pipeline in line with the renewed external growth strategy. Prior to this, Mr. Jacquet was an executive director at Lazard where he was one of the most senior members of the EMEA Telecom & Tech team. Over the period, he was critical in securing numerous high-worth transactions and carried out extensive coverage of Corporates, Private Equity and VCs in the tech sector on an international basis. Prior to this, Mr. Jacquet served at Morgan Stanley for 8 years, most recently as a senior vice president within the TMT team. Over the period, he played a pivotal role in executing over 40 transactions and gained a strong capital market expertise managing several IPOs and Capital raises. Mr. Jacquet holds a Master of Science (MS) degree from Télécom Paris, as well as a Master of Finance & Strategy from Sciences Po Paris.

Nir Erlich Chief Innovation & Product Officer

Mr. Erlich, currently Chief Product Officer ("CPO") of the Company, joined the Group in 2020. With over 20 years' of professional experience in the tech sector, Mr. Erlich has a vast experience leading SaaS product offerings and has led different companies as founder and chief executive officer. Most recently, he was head of product at Moteefe and chief executive officer (and founder) at Craft.io.

Joe Sanchez (appointed April 2022) Chief Revenue Officer

Joe Sanchez, currently the Chief Revenue Officer, joined the group in April of 2022. Mr. Sanchez has 30 years of experience in various 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, eCommerce, and marketing organisations. He has led teams acquiring and managing billions of dollars in revenue through various channels. Most recently, Joe spent 3 years at a private equity backed SaaS company providing software platforms to mid-market businesses where he served as the Chief Sales Officer. Joe is educated in USA where he earned a BSFS Degree in International Economics from Georgetown University School of Foreign Service in Washington, DC.

Tommaso Carboni Head of Global Sales & Country Manager, Italy

Mr. Carboni, currently Head of Global Sales and Country Manager Italy of the Company, joined the Group in 2018. Mr. Carboni has 20 years of experience in sales, marketing and communications across different companies and industries. He joined the Group in 2018 as the Country Director for Italy and, in 2020, became the Head of Global Sales. Previously, he was employed by Google and was responsible for strategic digital consultancy to some of Google's top global partners (e.g. automotive sector customers) and their agencies at the EMEA level. Mr. Carboni also spent 15 years at Ford Motor Company, where he served in various roles, the last one being marketing director. Mr. Carboni earned a master's degree in Management Engineering from the Tor Vergata University of Rome.

Jean Pierre Diernaz Chief Strategy Officer and Country Manager, France

Mr. Diernaz, currently Chief Strategy Officer and Country Manager France of the Company, 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 problems within the digital transformation. After more than 10 years at Ford, where he has covered the position of advertising and marketing services manager, he landed at Nissan in 2005 as general marketing communications for Europe. In May 2010, he started covering the position of marketing director EMEA of Infiniti, the premium brand of Nissan group. In 2014, he became managing director of the electric cars business unit for Europe. Mr. Diernaz then became vice president marketing & digital Europe and thus, responsible for product launching, price strategy, communications and digitalization. Mr. Diernaz earned an MBA from ISG (Paris) and completed the Executive Leadership Program at IESE (Spain).

Luigia Corvino Chief HR Officer

Ms. Corvino, currently Chief Human Resources Officer ("CHRO") of the Company, joined the Group in 2021. Ms. Corvino has over 20 years of experience across e-business services, web development management, digital consulting and human resources. Before joining the Group, she was head of organisation & people development and human resources director at ePrice and senior account executive at Banzai Consulting. Ms. Corvino has also served as general coordinator and head of IT and web projects at O.R.P. (Vatican City State) and senior account executive at Interactive Thinking S.r.l. Ms. Corvino earned a bachelor's and a master's degree in Economics from Bocconi University.

Asaf Polturak Chief of Staff

Mr. Polturak, currently Chief of Staff of the Company, joined the Group in 2020. Mr. Polturak has over 10 years of experience across consultancy, private equity and hedge funds. Before joining the Group in 2020, he was the chief investment officer of Adir Capital, a boutique Hedge Fund & Family Office. Mr. Polturak earned a bachelor's degree in Economics from Tel Aviv University and an MBA from Harvard Business School.

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 2021 is set out on pages 76 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 2021.

Directors and changes to the Board of Directors and Executive Management Team

The Directors of the Company during the year ended 31 December 2021 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 2021 are set out on pages 47 and 48.

In addition to the CEO, the members of the Executive Management Team of the Company during the year ended 31 December 2021 were Andrea Servo, Nir Erlich, Tommaso Carboni, Jean Pierre Diernaz, Luigia Corvino and Asaf Polturak. Martin Hughes served the Company as Chief Technology Officer ("CTO") until December 2021; Etienne Jacquet is the Company's Vice President of Corporate Development and Investor Relations since January 2022, Joe Sanchez is the Company's Chief Revenue Officer since April 2022.

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.

Political donations

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

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 2021 were as follows:

Director	Position	Appointed	Ordinary shares
Amir Rosentuler	Chairman / Independent Director	11 June 2021	120,000 (0.3%)
Marco Marlia	Chief Executive Officer	10 October 2014	5,481,580 (13.6%)
Laurel Charmaine Bowden	Non-Executive Director	14 January 2019	–
Måns Hultman	Non-Executive Director / Independent Director	22 August 2016	–
Mauro Pretolani	Non-Executive Director / Independent Director	22 August 2016	138,400 (0.3%)

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 2021:

Name	Shares	%
83 North III Limited Partnership	7,864,655	19.5%
Marco Marlia	5,481,580	13.6%
Fabio Gurgone	5,285,080	13.1%
Marco De Michele	5,285,080	13.1%
Capital International Limited	2,300,000	5.7%
Zobito AB*	2.965.400	7.35%
M&G Investment Management Limited	1,230,768	3.1%

*Aggregated Zobito ownership through various vehicles.

There are no restrictions as to voting rights.

Future developments

Particulars of any important events affecting the Company which have occurred since the end of the financial year and an indication of likely future developments in the business of the Company are described in the Strategy section of the Strategic Report on pages 4 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 at pages 81.

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;
- 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 21 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.

Financial risk management and financial instruments

The Group implements a careful approach to financial risk management. During the year 2021 the Group has entered into transactions involving derivative instrument only related to the repurchase of the warrants over shares, entitled to European Investment Bank, in the context of the repayment of the financial loan in place which occurred at the end of November 2021. Details of which the Board of Directors considers the main financial risks facing the Company are set out under the "Risk identification" paragraph within the Principal Risks and Uncertainties section on pages 34.

Risk relating to the seasonality of the Group's operating results
The Group's results of operations are slightly affected by seasonal and cyclical factors in the automotive market. Such fluctuations in the sales for dealerships may lead to lower sales volumes for the Group in specific months during summer and winter. Seasonality risk is naturally mitigated by the nature of our products, which enhance the ability of the dealers to overcome the effects of sales downpeaks, and the operating model, based on SaaS products offering, which improves the stability of our incomes.

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. Given the limited amount of floating rate loans incurred by the Group, no such hedging is currently in place.

Greenhouse gas (GHG) emissions

Due to the nature of MotorK 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 people. During 2021 MotorK reduces the use of facilities across Europe providing the possibility for all the employees to work remotely to safeguard the health of employees and their families and also substantially reduced business travel compared to the pre-pandemic period. Due to this fact, GHG emissions, energy consumption and energy efficiency data relating to the Group's operations, our offices and staff travel is not significant for the year ending 31 December 2021 and not reported in such Annual Report. The Board of Directors recognise that the Group has a corporate and social responsibility to minimise the ecological impact from our operations and look forward to launching 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 page 33.

Non-discrimination and harassment

The Company places significance on fostering a diverse, inclusive work environment where all ideas, perspectives, and backgrounds are considered. Employees will be hired on the basis of objective criteria (such as knowledge, expertise, proven qualities, performance and behaviour). None of the employees 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 & 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").

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 then 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 comply 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 Director's Report and other information included in the Annual Report & Financial Statements is prepared in accordance with applicable law in the United Kingdom and the Netherlands.

The Directors as at the date of this report, whose names and functions are listed in the Board of Directors Report on pages 47 confirm that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The Director has 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 view of the Group's resources, net cash as at 31 December 2021 of €34.4 million and limited cash flow consumption by operations in 2021 of €5.6 million, and based on the overall financial condition of the Group as further outlined in this Annual Report & Financial Statements, the Directors have reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future.

For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Signed by

Marco Marlia
Chief Executive Officer
5 April 2022

and

Andrea Servo
Chief Financial Officer
5 April 2022

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 & 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.

Approval by the Board of Directors

The report of the Directors was approved by the Board of Directors on 5 April 2022 and signed on its behalf by:

Marco Marlia
Director
5 April 2022

Remuneration Committee Report

Måns Hultman
Chair of the Remuneration Committee

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**"): which summarises the framework under which Directors' pay is set and how it links to strategy. The Policy will be subject to a binding shareholder vote (by way of ordinary resolution) at the 2022 AGM.
3. The Annual Report on Remuneration (the "**Report**"): which sets out remuneration outcomes for 2021 and how, subject to shareholder approval, the Committee intends to apply the Policy in 2022. 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 member is Amir Rosentuler.

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

At the end of 2021, the Committee terminated the prior arrangements which existed in the Company's pre-listed environment and began work to develop the Policy to meet 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;
- adhere to principles of good corporate governance and appropriate risk management whilst ensuring compliance with competitive market trends and statutory requirements in the respect of the societal context around remuneration and the interests of the Company's shareholders and other stakeholders.

Consistent with overarching regulatory requirements and statements set out in the Company's Prospectus, the Committee implemented the post-listing aspects of its Policy for its Executive Directors and Non-Executive Directors, 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 which 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 maiden report is clear and informative and I look forward to the presentation of the Policy for shareholder approval at the 2022 AGM. The Committee trusts that it will receive your support.

Måns Hultman
Chair of the Remuneration Committee

Section 2: Directors' Remuneration Policy

(a) Introduction

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

Procedure

The following sets out the Policy, which fundamentally codifies our existing principles as previously communicated to potential investors pre-listing. This Policy will be presented for approval by the Company's shareholders at the AGM of April 28, 2022 and, if approved, will apply to payments made after that date. The Policy will be available on the Company's website.

It is intended that the Policy will apply for three years, although in light of the Committee's efforts to continually develop the Policy in order to ensure that it allows the Committee to put in place an appropriate and balanced remuneration package which reflects the size and complexity of the Group, the Executive's 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 it is considered appropriate.

When reviewing the Policy, the Committee uses scenario analyses to recognize 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 from the UK company law as well as in principle with the rules of the Dutch Governance Code, which the Company applies voluntarily.

Principles

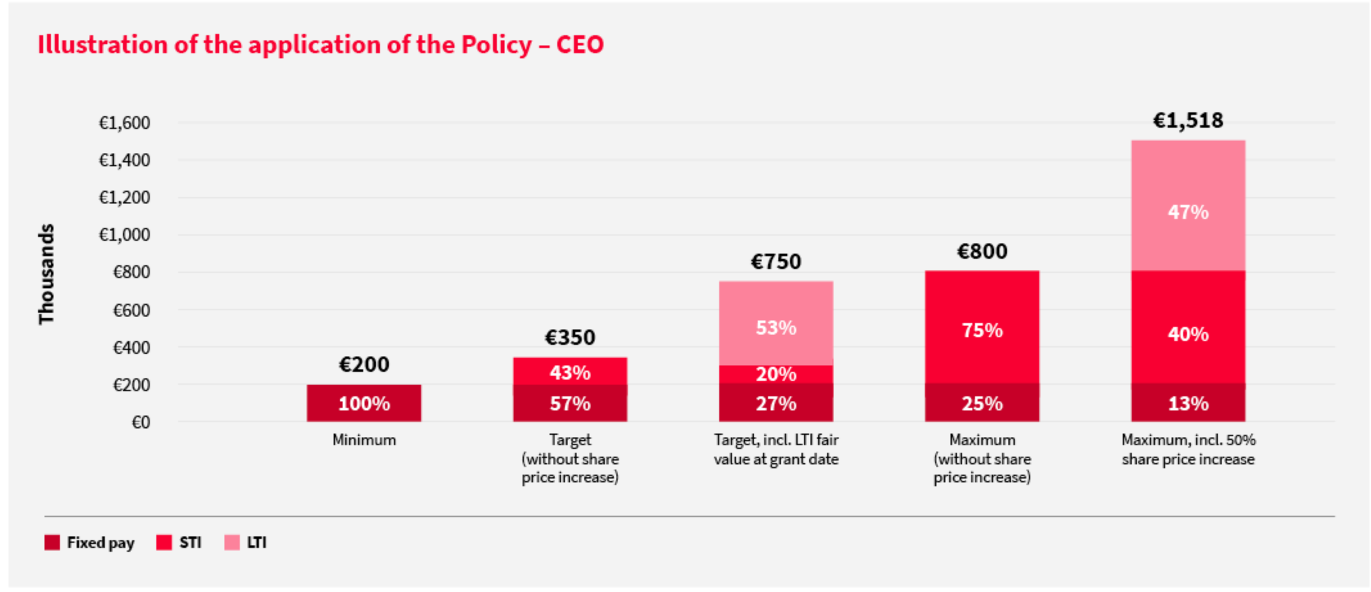
The objectives of the Policy are to:

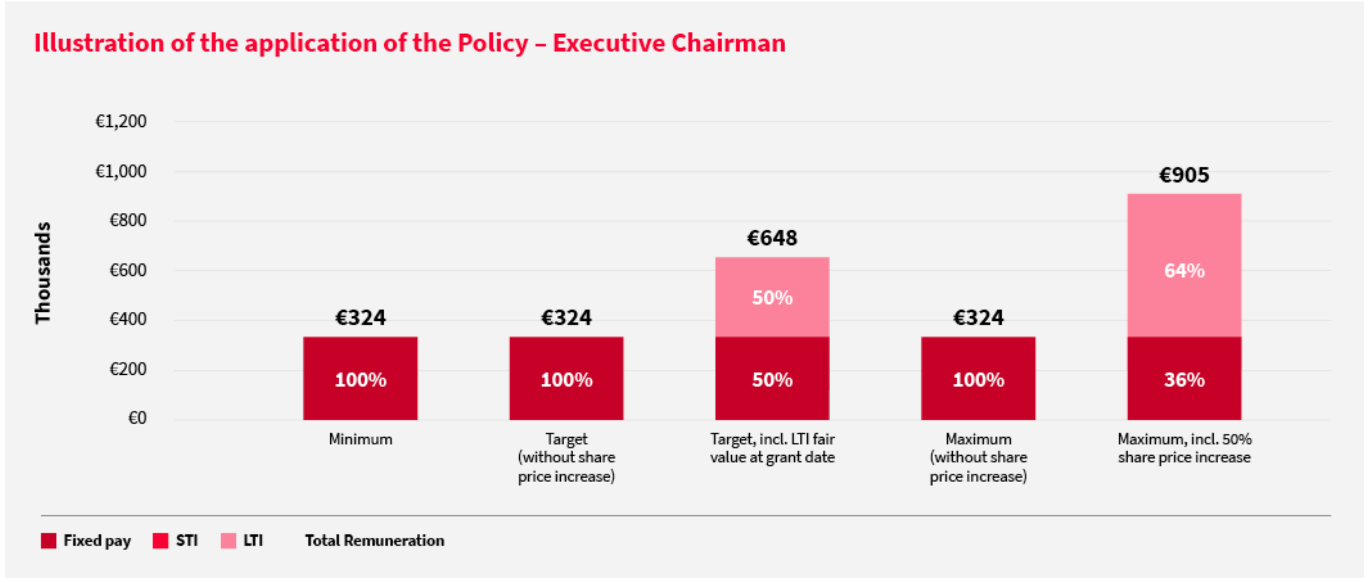
- reward Executive Directors and senior management and support performance-driven culture;
- provide a level of remuneration to attract, motivate and retain high-calibre employees and reward them with a market competitive remuneration package;
- encourage long-term value creation and support the execution 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 foregoing 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. short-term incentive plans ("**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. long-term incentive plans ("**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.





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 2022.

The LTIP grant level is shown as 200% for the CEO and 100% for the 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); and
- 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 wider market practice and MotorK's performance and wider 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 executive directors 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
Short Term Incentive Plan ("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 (every six months or annually) incentive scheme. 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 EBITDA adjusted achievements) or operational (including, but not limited to, customers' satisfaction, geographical expansion, M&A execution) KPIs, depending on the role.
Long Term Incentive Plan ("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 but will only become exercisable at the end of the three-year performance period, 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 tenth 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 at end of the three-year performance period, 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 are 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 currently intends to apply the performance conditions with the following weightings: • 45% Growth in Annual Recurring Revenues ("ARR"); • 45% Relative Total Shareholder Return ("TSR"), reflecting the combination of share price development and paid out dividends to reflect the return received by

shareholders. MotorK's TSR performance will be measured relative to the relevant index;
- 10% Non-financial metrics: ESG related or other strategic imperatives.

For each measure, performance below threshold results in zero payment. Payment rises from 25% to 100% of the maximum opportunity for that measure for levels of performance between threshold and maximum. For non-financial targets, this approach will be followed as far as reasonably practicable.

The Committee will have discretion to set different measures and weightings for awards in future years 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 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 has chosen to include an ESG-related performance measure to recognise MotorK's commitment to being a socially and environmentally responsible business. The Committee will review the choice and relative balance of performance measures and the appropriateness of performance targets prior to each grant of awards under the LTIP.

The Committee retains discretion to set different 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 4 (four) years. The service agreement may be terminated by the Executive Director with a notice period of 6 (six) months and by the Company with a notice period of 6 (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 up to one-year base salary.

Leaver arrangements
The Company takes into account the service agreements 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 is employed to a third party, circumstances in which the group company by which he is employed ceases to be controlled by the Company, or such other reason as the Committee may in its discretion decide.

Short Term Incentive Plan	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.
Long Term Incentive Plan	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 2-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 4 (four) years and their appointments are subject to termination on 4 (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.

The Committee operates the Group's variable incentive plans according to their respective rules and in accordance with governing legislation. To ensure the efficient administration of these plans, the Committee will apply certain operational discretions. These include the following: - selecting the participants in the plans on an annual basis; - determining the timing of grants of awards and/or payment; - determining the quantum of awards and/or payments (within the limits set out in the policy table above); - determining the extent of vesting based on the assessment of performance; - making the appropriate adjustments required in certain circumstances (e.g. change of control, rights issues, corporate restructuring events and special dividends); - determining "good leaver" status for incentive plan purposes and applying the appropriate treatment; and - undertaking the annual review of weighting of performance measures, and setting targets for the annual bonus plan and the LTIP from year to year.

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.

Where a new Director is forfeiting incentive awards granted by his or her existing employer, compensation in the form of awards under the LTIP or otherwise may be made, the maximum value of which will be that which the Committee, in its reasonable opinion, considers to be equal to the value of remuneration forfeited. The LTIP (or other) awards will be granted on terms that take due account of the nature of the entitlements in terms of (for example) type of award, time horizon, fair value and performance Conditions.

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 6 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 and 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 and any tax liabilities thereon, and the provision of advice relating to any such tax liabilities, if appropriate.

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:

Non-executive	Date of appointment	Expected expiry date of current term
Amir Rosentuler	11 June 2021	End of the AGM to be held in 2025
Måns Hultman	22 August 2016	End of the AGM to be held in 2024
Laurel Charmaine Bowden	14 January 2019	End of the AGM to be held in 2023
Mauro Pretolani	22 August 2016	End of the AGM to be held in 2024

(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.

In formulating this Directors' Remuneration Policy, the Committee consulted with a number of major shareholders and, where possible, took into account available information about market standards and sought advice from a professional compensation advisor. The Committee Chair is also available for questions at the AGM. Any feedback that the Committee receives is taken account of when formulating future Remuneration Policy.

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 consistently applied 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.

Section 3: Directors' Remuneration Report

Directors' emoluments and compensation (audited)

Set out below are the emoluments paid to the Directors for the year ended 31 December 2021 and the year ended 31 December 2020:

Name of Director	Salary and fees (Euro)	Taxable benefits (Euro)	Pension related benefits (Euro)	Total Fixed Remuneration	Annual bonus and long term (Euro)	Stock options granted (Euro)	Total Variable Remuneration	Total 2021 (Euro)
Amir Rosentuler	119,689*	-	26,404	146,093	-	8,982,024	8,982,024	9,128,117
Marco Marlia	200,000	3,419	23,518	226,937	25,000	-	25,000	251,937
Laurel Charmaine Bowden	-	-	-	-	-	-	-	-
Måns Hultman	5,000	-	-	5,000	-	-	-	5,000
Mauro Pretolani	5,000	-	-	5,000	-	-	-	5,000

*(ILS 451,022) paid by MotorK Israel Ltd between 11 June 2021 and 31 December 2021

Name of Director	Salary and fees (Euro)	Taxable benefits (Euro)	Pension related benefits (Euro)	Total Fixed Remuneration	Annual bonus and long term (Euro)	Stock options granted (Euro)	Total Variable Remuneration	Total 2020 (Euro)
Amir Rosentuler	-	-	-	-	-	-	-	-
Marco Marlia	134,000	2,237	23,516	159,753	-	-	-	159,753
Laurel Charmaine Bowden	-	-	-	-	-	-	-	-
Måns Hultman	-	-	-	-	-	-	-	-
Mauro Pretolani	-	-	-	-	-	-	-	-

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 2021	Bonus for 2020
Marco Marlia	25,000	-

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 2021.

Pension

During the year ended 31 December 2021, Marco Marlia received pension contributions of €23,518 and Amir Rosentuler received pension contributions of €26,404.

Payments to past directors

No payments were made to past directors during the year ended 31 December 2021.

Payments for loss of office

No payments for loss of office were made during the year ended 31 December 2021.

Long-term incentives

EMI 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 €3,000,000 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 Euro 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.

In addition, a number of grants were made under the Original Share Option Plan. Following these grants, the Company has a total of 861,877 unvested options in issue pursuant to the Original Share Option Plan and the EMI Share Option Plan, equating to approximately 2.1% of the issued share capital as at 31 December 2021.

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 at 31 December 2020	Number at 31 December 2021	Unvested share options at 31 December 2021	Vested, unexercised share options	Options exercised in the Period
Amir Rosentuler	-	120,000	-	1,263,979	120,000
Marco Marlia	5,481,580	5,481,580	-	-	-
Laurel Charmaine Bowden	-	-	-	-	-
Måns Hultman	-	-	-	-	-
Mauro Pretolani	138,400	138,400	-	135,000	-

The option awards held by each Director during the financial year ended 31 December 2021 are as follows:

Name of Director	Number at 1 January 2021	Issued in the period	Exercised in the Period	Number at 31 December 2021	Exercise Price (€)	Vesting period / date
Amir Rosentuler	-	1,383,979	120,000	1,263,979	0.01	November 2021*

*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. As at 31 December 2021, Mr. Rosentuler held 1,263,979 vested but unexercised stock options

Total Shareholder Return ("TSR") 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 year ended 31 December 2021. In addition, the remuneration of the Executives is not currently linked to TSR. The Committee intends to include data relating to TSR performance in future iterations of the Directors' Remuneration Report.

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 single figure of remuneration tables paid to each Director in respect of the 2020 and 2021 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*	N.A.	N.A.	N.A.
Marco Marlia	49%	53%	0
Laurel Charmaine Bowden	N.A.	N.A.	N.A.
Måns Hultman	N.A.	N.A.	N.A.
Mauro Pretolani	N.A.	N.A.	N.A.
Average all employees	38%	-19%	31%

*Amir Rosentuler was appointed as a Director part-way through FY 2021

The internal pay ratio is calculated based on the average 2021 remuneration of all Group employees vis-à-vis the 2021 remuneration of the CEO. The internal pay ratio for the year 2021 is 4.74 for the Chief Executive Officer, Marco Marlia.

Relative importance of spend on pay

The chart below shows the difference in actual expenditure between 2020 and 2021 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*	Personnel costs
+€5.7 million	+€15.3 million
+178%	+123%
2021: Euro 8.9 million	2021: Euro 27.8 million
(2020: Euro 3.2 million)	(2020: Euro 12.5 million)

*It is calculated as the amount of cash flow from investing activities – R&D plus cash flow from investing activities – M&A 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 2020 or 2021, 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.

LTIP

The Committee intends to design and implement a long-term incentive plan and make awards to the Executives accordingly. The Committee has considered the performance of the Company to date and has consulted with its external remuneration advisors in order to accurately benchmark the vesting profile and weighting of the proposed awards appropriate and in line with market practice.

Non-Executive Directors' Remuneration

The Board has reviewed the Non-Executive Directors fee structure and has agreed a specific fee card based on the roles and responsibilities of the directors (see table below - annualised amounts, to be paid out proportionally to the actual length of tenure in the year) to take effect from the listing of the Company on 5 November 2021.

Role	Amir Rosentuler (euro)	Laurel Charmaine Bowden (euro)	Måns Hultman (euro)	Mauro Pretolani (euro)
Chairman	324,000	-	-	-
Non-Executive Director basic fee	-	-	30,000	30,000
Additional Fees:	17,500	-	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	7,500	-	-	-
Member of the Audit Committee	5,000	-	-	-
Member of the Remuneration Committee	5,000	-	-	-
Member of the Selection and Nomination Committee	-	-	-	5,000
TOTAL	**341,500**	**-**	**37,500**	**42,500**

The remuneration report was approved by the Board on 5 April 2022 and signed on its behalf by:

Måns Hultman

Chair of the Remuneration Committee and Director

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 2021 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 United Kingdom Generally Accepted Accounting Practice; 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 2021 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is the applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of 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 issued by the IASB

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 issued by the International Accounting Standards Board (IASB).

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 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

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.

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 and consideration of the key assumptions used in the forecasts.
- Consideration of the Director's sensitivity analysis along with performing further sensitivities on the revenue.

- Testing around the cash raised as part of the IPO in the period including substantiation its receipt into the Group's bank accounts.
- An assessment of the appropriateness and accuracy of cash flow forecasts by comparison of historical performance versus budget.
- An assessment of the historic and forecast cash-usage relative to the existing and forecast funds available.
- 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[11]	98% of Group profit before tax 98% of Group revenue 97% of Group total assets	
Key audit matters	Revenue recognition	2021
Materiality	Group financial statements as a whole €550k based on 2% of Revenue	

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 16 reporting components, 2 were identified as significant and material (this includes the Parent Company component) with full scope audit procedures being performed for group purposes and 6 were identified as not-significant but material where specific balances and risks were identified as being in scope for specified audit procedures. These were tested by the group audit team using a percentage allocation of the group materiality. We conducted analytical reviews of financial information (including enquiry) on a further 8 not-significant and immaterial components.

Members of the group audit team completed all audits except for 1 full scope audit which was audited by the Italian 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 directed the work of the component audit team. This included providing detailed audit instructions and setting of component materiality. As a result of travel restrictions due to COVID-19 there were no planned visits completed in person but instead alternative interactions were completed on a remote basis instead. The group audit team

[11] These are areas which have been subject to a full scope audit.

held video calls in order to attend component planning and completion calls together with open dialogue maintained throughout the audit. We also performed reviews of the component audit team's working papers.

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. This matter was 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 this matter.

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 per the auditing standards (ISA 240) there is a rebuttable presumption that a significant fraud risk in relation to revenue recognition exists, given that this is commonly either explicitly or implicitly linked to senior management remuneration and hence there is a heightened incentive to manipulate. We identified this significant risk to be over cut-off and manual adjustments to all revenue streams and the incorrect application of IFRS 15 (Revenue from contracts with customers) judgement around the revenue recognition of licence (at a point in time at the start of a licence) and maintenance revenue (over the licence's term), the estimation of the proportion identified as maintenance revenue and whether a provision was required against revenue for early termination. Given the estimation/judgement involved together with the relative audit effort employed to test this significant risk, it has been identified as a Key Audit Matter.	Our procedures included but were not limited to • We walked through the revenue process and evaluated the design and implementation of related controls; • Tested 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; • Tested the percentage of revenue identified as maintenance revenue back to support and benchmarked against market expectations; • On a sample basis tested the input accuracy of the maintenance term start and end to contract together with the computational accuracy of the revenue recognition in the period. • Tested the existence and accuracy of revenue through sample testing back to support; • On a sample-basis tested contract terms and conditions to identify any onerous performance conditions (specifically around customer termination mid-term); • For a cut-off sample of revenue either-side of year end we tested back to support to check that the revenue had been recognised in the correct period; and • Tested non-standard journals to revenue. **Key observations** We did not identify any indicators to suggest that the revenue recognition was inappropriate.

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
	2021	2021
Materiality	€550k	€285k
Basis for determining materiality	2% of group revenue	2% of total assets
Rationale for the benchmark applied	We considered revenue to a key performance measure for users to evaluate the financial performance of this business in a growth phase.	We consider total assets to be the appropriate benchmark for this group holding company.
Performance materiality	€358k	€214k
Basis for determining performance materiality	Performance materiality was set at 65% (2020: 75%) 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 75% (2020: 75%) 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
We set the materiality for the one component (other than the parent which is covered above) as 95% of Group materiality given its size and our assessment of the risk of material misstatement of that component. Component materiality for this component was €523k. In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold
We agreed with the Audit Committee that we would report to them all individual audit differences in excess of €21,000 (2020: €18,383). 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.

European Single Electronic Format (ESEF)

In the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and the Council with regard to regulatory technical standards on the specification of a single electornix reporting format is regulated that the annual financial report of MortoK plc , has been prepared in single electronic reporting format (ESEF). The requirements to be met are set out in the aforementioned delegated regulation (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual financial report made up in XHTML format, including the partly tagged consolidated financial statements as included in the reporting package by MotorK Plc, has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the annual financial report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components in a reporting package. Our responsibility is to obtain reasonable assurance for our conclusion whether the annual financial report in this reporting package, is in accordance with the requirements. We have taken into consideration what is stated in Alert 43.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report in XHTML-format;
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the inline XBRL instance document and XBRL extension taxonomy files have been prepared in accordance with the technical specifications; and
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required taggings have been applied and whether they 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.

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:

- We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of non-compliance or fraud by the Group.
- We designed audit procedures at both the Group and significant component levels to detect material misstatements due to fraud and error.
- We focused on laws and regulations that could give rise to a material misstatement in the Group and Parent Company financial statements, including, but not limited to, accounting standards, Companies Act 2006 and certain requirements from tax legislation
- Use of BDO tax specialists.
- Our tests included agreement of the financial statement disclosures to underlying supporting documentation, review of correspondence with regulators and legal advisors, enquiries of management, review of board minutes and review of significant component auditors' working papers.
- 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 and the component auditors, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Nigel Harker (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
2 City Place,
Beehive Ring Road, Gatwick
West Sussex, RH6 0PA
5 April 2022

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	2021	2020
Revenue	**9**	**27,560**	**19,329**
Costs for marketing and call centre services	10	6,654	6,029
Personnel costs	10	27,828	12,474
R&D capitalisation	10	(3,490)	(2,661)
Other operating costs	10	8,689	4,831
Amortisation and depreciation	10	4,235	3,186
Total costs	**10**	**43,916**	**23,859**
Operating loss		**(16,356)**	**(4,530)**
Finance expense	11	(4,818)	(1,820)
Finance income	11	11	16
Loss before tax		**(21,163)**	**(6,334)**
Corporate income tax	12	(2,765)	925
Loss from continuing operations		**(23,928)**	**(5,409)**
Profit after income tax of discontinued operation	24	403	42
Loss for the period		**(23,525)**	**(5,367)**
Attributable to:			
Owners of the parent		(23,525)	(5,367)
Other comprehensive income/(loss):			
Actuarial losses arising from remeasurement of liabilities for employee benefits that will not be subsequently remeasured to the income statement	20	(20)	(165)
Gains/(losses) on exchange differences from translation of financial statements of foreign entities that will be reclassified subsequently to the income statement	28	(110)	–
Total comprehensive loss		**(23,655)**	**(5,532)**
Attributable to:			
Owners of the parent		(23,655)	(5,532)
Total comprehensive income/(loss) for the period attributable to owners of the parent arises from:			
Continuing operations		(23,928)	(5,574)
Discontinued operations	24	403	42
Basic and diluted EPS			
Loss for the period	26	(0.79)	(0.20)
Loss from continuing operations	26	(0.80)	(0.20)
Profit from discontinued operations	26	0.01	–

Consolidated Statement of Financial Position

€'000	Note	2021	2020
Intangible assets	13	17,953	9,862
Property, plant and equipment	14	3,076	1,693
Non-current assets – security deposits	15	106	262
Non-current contract assets	16	5,059	4,289
Deferred tax assets	21	-	698
Non-current assets		**26,194**	**16,804**
Trade and other receivables	16	7,441	5,632
Contract assets	16	8,521	5,915
Cash and cash equivalents	17	43,257	11,824
Assets classified as held for sale	24	4,163	4,943
Current assets		**63,382**	**28,314**
Total assets		**89,576**	**45,118**
Trade and other payables	18	8,257	5,443
Tax payable	18	2,945	685
Current financial liabilities	19	1,922	6,263
Current lease liabilities	19	790	802
Provisions	22	366	–
Liabilities directly associated with assets classified as held for sale	24	885	1,294
Current liabilities		**15,165**	**14,487**
Employees benefit liability	20	2,069	1,818
Deferred tax liabilities	21	659	245
Non-current financial liabilities	19	4,200	24,832
Other non-current liabilities	22	–	816
Non-current lease liabilities	19	2,046	786
Provisions	22	1,040	–
Non-current liabilities		**10,014**	**28,497**
Total liabilities		**25,179**	**42,984**
Share capital	23	403	273
Share premium reserve	23	74,151	12,166
Retained earnings	23	(10,157)	(10,305)
Total equity		**64,397**	**2,134**
Total liabilities and equity		**89,576**	**45,118**

Marco Marlia
Chief Executive Officer
5 April 2022

Consolidated Statement of Cash Flows

€'000	31-Dec 2021	31-Dec 2020
Loss for the period from continuing operations	(23,928)	(5,409)
Profit for the period from discontinued operations	403	42
Adjustments for:		
Depreciation of property, plant and equipment	944	963
Amortisation of intangible fixed assets – continuing operations	3,291	2,223
Amortisation of intangible fixed assets – discontinued operations	-	532
Finance income	(11)	-
Finance expense	4,818	1,804
Income tax expense	2,765	(925)
Share-based payment expense – continuing operations	9,714	134
Other non-monetary movements	451	-
Cash outflow from operating activities before changes in net working capital	**(1,553)**	**(636)**
(Increase)/decrease in trade and other receivables	(3,227)	6,630
Increase/(decrease) in trade and other payables	1,058	(4,310)
Increase in provisions and employee benefits	218	197
Cash outflow from operations	**(3,504)**	**1,881**
Income taxes paid	(127)	(250)
Net cash flows from operating activities	**(3,631)**	**1,631**
Investing activities		
Cash outflow on acquisition of subsidiaries (net of cash acquired)	(5,350)	-
Purchase of intangible assets	(3,729)	(3,179)
Purchases of property, plant and equipment	(135)	(17)
Non-current assets – security deposits	174	120
Net cash (used in) investing activities	**(9,040)**	**(3,076)**
Financing activities		
Proceeds for issue of shares	74,750	-
IPO cost paid	(4,685)	-
Bank loans repaid	(18,235)	(341)
New bank and other loans	-	6,650
(Decrease) in factoring finance	-	(1,114)
Capital element of lease liabilities repaid	(836)	(854)
Interest paid on bank and other loans	(6,814)	(409)
Interest paid on lease liabilities	(76)	(69)
Net cash from financing activities	**44,104**	**3,863**
Net increase in cash and cash equivalents	**31,433**	**2,418**
Cash and cash equivalents at beginning of period	**11,824**	**9,406**
Cash and cash equivalents at end of period	**43,257**	**11,824**

(*) In conformity with the provisions of paragraph 33 of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the net financial flows attributable to operations, investment, and financing of discontinued operations can be presented alternatively in the Notes or in the financial statements. MotorK chose to represent the Group total cash flows in the statement of cash flow, including both continuing and discontinued operations. The additional information on the cash flows of discontinued operations is provided in note 24.

Consolidated Statement of Changes in Equity

€'000	Share capital	Share premium	Retained earnings	Total attributable to equity holders of parent
1 January 2020	**273**	**12,166**	**(4,907)**	**7,532**
Comprehensive income for the year				
Loss for the period			(5,367)	(5,367)
Other comprehensive income				
Defined benefit pension scheme			(165)	(165)
Total comprehensive income for the year			**(5,532)**	**(5,532)**
Contributions by and distributions to owners				
Share-based payment			134	134
Total contributions by and distributions to owners			**134**	**134**
31 December 2020	**273**	**12,166**	**(10,305)**	**2,134**
Comprehensive income for the year				
Loss for the period			(23,525)	(23,525)
Other comprehensive income				
Translation reserve			(110)	(110)
Defined benefit pension scheme			(20)	(20)
Total comprehensive income for the year			**(23,655)**	**(23,655)**
Contributions by and distributions to owners				
IPO issue of shares	115	74,635		74,750
Convertible equity notes issue of shares	12	4,638		4,650
Other issue of shares	3	1,397		1,400
Share-based payment			9,714	9,714
Earn out reserve			89	89
Reserve IPO costs		(4,685)		(4,685)
Capital reduction		(14,000)	14,000	-
Total contributions by and distributions to owners	**130**	**61,985**	**23,803**	**85,918**
31 December 2021	**403**	**74,151**	**(10,157)**	**64,397**

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 UK with registered office is Kemp House, 152 City Road, London, EC1V 2NX.

The Company and its subsidiaries (the “Group” or “MotorK Group”) is a leading software as a service (“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.

On 5 November 2021 the Company, after the re-registering as a public company, listed 11,500,000 shares (approximately 28% of the issued share capital) on Euronext Amsterdam. As of 31 December 2021, the main shareholders of the Parent Company are Marco Marlia, original founder and CEO of the Group who hold approximately 13.6% of the share capital, and 83 North, who directly holds approximately 20% of the share capital.

These consolidated financial statements as of and for the years ended 31 December 2021 together with the notes thereto have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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. Summary of the accounting standard used

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. 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.

2.1 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 and revenues by nature;
- the consolidated statement of cash flow was prepared using the indirect method.

The Company 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 Company’s shareholders.

The templates used, as specified above, are those that best represent the Group’s economic, equity and financial situation.

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 EU-IFRS 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 2021, indicating the share capital held by the Group.

Name	Country of incorporation and principal place of business	Proportion of ownership interest at		
		2021	2020	2019
MotorK Italia Srl	Italy	100%	100%	100%
MotorK Spain Gestiones Comerciales	Spain	100%	100%	100%
MotorK Deutschland GmbH	Germany	100%	100%	100%
MotorK France Sarl	France	100%	100%	100%
For Business Srl	Italy	100%	100%	100%
3W Net Sarl*	France	0%	100%	100%
MotorK Israel Ltd	Israel	100%	–	–
DealerK Technology Solutions, Unipessoal Lda	Portugal	100%	–	–
Fidcar SAS	France	100%	–	–
Liotey Sarl	France	100%	–	–
PDA DAPDA, SL	Spain	100%	–	–
DAPDA Media, SL	Spain	100%	–	–
DriveK France S.A.S.	France	100%	–	–
DriveK Solution S.L.	Spain	100%	–	–
DriveK Italia S.r.l.	Italy	100%	–	–

* Merged into MotorK France starting from 1 June 2021.

During the financial year 2021, the consolidation area changed as a result of the establishment or acquisition of the following companies:

- DealerK Technology Solutions, Unipessoal Lda incorporated in Portugal in February 2021 with the aim to build a new R&D hub to assist the one already in place in Italy;
- MotorK Israel Ltd incorporated in Israel in April 2021 with the target to hire new talents in the digital sector;
- DriveK Italia S.r.l., DriveK France S.A.S. and DriveK Solution S.L. incorporated respectively in Italy, France and Spain between June and November 2021 as a vehicle to complete the sale of the DriveK business unit classified as discontinued in these consolidated financial statements.
- Fidcar SAS and Liotey Sarl innovative providers for automotive retail based in France, acquired by the Company in December 2021.
- PDA DAPDA, SL and DAPDA Media, SL, Spanish leaders in providing digital tools to automotive retailers, acquired by the Company in December 2021.

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

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

MotorK Italia Srl	Via Ludovico D'Aragona, 9 - 20132 Milano
MotorK Spain Gestioness Comerciales	Calle Muntaner 305 Planta PR Puerta 2 – 08021 – Barcelona
MotorK Deutschland GmbH	Destouchesstr. 68 – 80796 – München
MotorK France Sarl	3 B Rue Taylor – 75010 – Paris
For Business Srl	Via Ludovico D'Aragona, 9 - 20132 Milano
MotorK Israel Ltd	3 Arik Einstein St Herzliya, Israel
DealerK Technology Solutions, Unipessoal Lda	Avenida de República n50, 10 – 1069 – 211 Lisbon, 9
Fidcar SAS	28 rue du Chemin Vert – 75011 Paris
Liotey Sarl	28 rue du Chemin Vert – 75011 Paris
PDA DAPDA, SL	Cl Naranjo, 20 23003 – Jaen
DAPDA Media, SL	Avda De Andalucia 106 Entrepl 23006 – Jaen
DriveK France S.A.S.	3B rue Taylor 75010 – Paris
DriveK Solution S.L.	CL MUNTANER 306 PI.PR Pta2 08021 Barcelona
DriveK Italia S.r.l.	Via Ludovico D'Aragona, 9 – 20132 Milano

2.3 Basis for consolidation
The criteria used by the Group to define the consolidation area and the relative consolidation principles are shown below.

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.

All subsidiaries 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.

Associated 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.

Investments in associated companies are valued according to the net equity method. This evaluation criterion can be described as follows:

i) the Group's profits and losses are accounted for from the date in which the significant influence or joint control started and until the date when it ended; if, as a result of the losses, the company valued using the method in question shows a negative shareholders' equity, the carrying amount of the investment is cancelled and any excess attributable to the Group, if the latter has committed itself to complying with legal or implicit obligations of the subsidiary company, or in any case covering its losses, is recorded in a specific fund;

ii) unrealised gains and losses generated on transactions between the Parent Company and the subsidiary company valued using the equity method are eliminated based on the value of the Group's investment in the subsidiary; unrealised losses are eliminated, with the exception of cases in which they are representative of impairment.

Joint arrangements
The Group applies IFRS 11 in the assessment of joint arrangements. In accordance with the provisions of IFRS 11, a joint arrangement can be classified either as a joint operation or as a joint venture on the basis of a substantial analysis of the rights and obligations of the parties. Joint ventures are joint control agreements in which the parties, joint venturers, who hold joint control, have, among other things, rights to the net assets of the agreement. Joint operations are joint control agreements that give participants the rights to the assets and obligations on the liabilities relating to the agreement. Joint ventures are accounted for using the equity method, while investments in a joint operation involve the recognition of

assets/liabilities and costs/revenues related to the agreement on the basis of the rights/obligations, due regardless of the ownership interest held.

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 minority 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;
- 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

The financial statements have been prepared on a going concern basis which assumes that the Group will have sufficient funds available to enable it to continue to trade for the foreseeable future. Elements for the preparation on a going concern basis are reported below:

- Group revenue increases by 43% compared to the previous year results despite the market during 2021 still being affected by the effects of COVID-19 and related regional lockdowns.
- SaaS (software as a services) revenue increases by 67% compared to the previous year results.
- Regional lockdowns have accelerated the need of digital solutions in the market: the Group has a unique structure in the market covering the entire customer journey and there are no strong competitors offering the same solutions.
- Due to the listing the Group has obtained new financial resources for approximately €71 million.
- Short and long-term net financial position is strongly positive.
- Top management is fully committed to ensure the respect of the 2022 Budget, providing important revenue growth and positive EBITDA.

4. Accounting standards in force from 1 January 2021 and interpretations applicable at a future date

4.1 IFRS standards/interpretations approved by the IASB and endorsed in Europe

The following table lists the IFRS/interpretations approved by the IASB, endorsed in Europe and applied for the first time this year:

Description	Endorsement date	Publication	Effective date
Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)	30 August 2021	31 August 2021	1 April 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020)	13 January 2021	14 January 2021	1 January 2021
Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 19 (issued on 25 June 2020)	15 December 2020	16 December 2020	1 January 2021

The amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts and IFRS 16 – Leases is related to the response to the ongoing reform of inter-bank offered rates ("IBOR") and other interest rate benchmarks. The amendments aim at helping companies to provide investors with useful information about the effects of the reform on those companies' financial statements. These amendments focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. The new amendments relate to:

- changes to contractual cash flows – a company will not be required to derecognise or adjust the carrying amount of financial instruments for changes required by the interest rate benchmark reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the interest rate benchmark reform if the hedge meets other hedge accounting criteria; and
- disclosures – a company will be required to disclose information about new risks that arise from the interest rate benchmark reform and how the company manages the transition to alternative benchmark rates.

The adoption of the aforementioned principles and interpretations did not have material impact on the valuation of assets, liabilities, revenues and costs of the Group.

4.2 Future financial reporting standards and interpretations

4.2.1 IFRS Standards/ interpretations approved by the IASB and endorsed in Europe

The following table shows the IFRS Standards/ interpretations approved by the IASB and endorsed in Europe whose mandatory effective date is after 31 December 2021.

Description	Endorsement date	Publication	Effective date
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	19 November 2021	23 November 2021	1 January 2023
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (All issued 14 May 2020)	28 June 2021	2 July 2021	1 January 2022

It was assessed by management that the future adoption of the aforementioned principles and interpretations will not have material impact on the valuation of assets, liabilities, revenues and costs of the Group.

4.2.2 International Financial Reporting Standards and interpretations approved by the IASB but not yet endorsed in Europe

The International Financial Reporting Standards, interpretations and amendments to existing standards and interpretations, or specific provisions included in the standards and interpretations, approved by IASB, but not yet endorsed for adoption in Europe on 31 December 2021 are listed below:

Description	Effective date
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively)	Periods beginning on or after 1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)	Periods beginning on or after 1 January 2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	Periods beginning on or after 1 January 2022
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	Periods beginning on or after 1 January 2023
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)	Periods beginning on or after 1 January 2023

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.

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.

In May 2021, the IASB issued amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction which specifies how companies should account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective beginning on 1 January 2023, with early application permitted.

In May 2017 the IASB issued IFRS 17 – Insurance Contracts, which establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued as well as guidance relating to reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020 the IASB issued amendments to IFRS 17 aimed at helping companies implement IFRS 17 and make it easier for companies to explain their financial performance.

Management will assess any future impacts of such principles and interpretations.

5. Accounting policies

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Contractual relationships	10/12/15 years	Estimated discounted cash flow
Trademark	5 years	Relief-from-Royalty method

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). The amortisation expense is included within the administration expenses line in the consolidated statement of comprehensive income.

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

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.

Property, plant and equipment
Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Leasehold improvements	–	20% straight-line basis
Fixtures & fittings	–	16% straight-line basis
Motor vehicles	–	25% straight-line basis
Computer equipment	–	20% straight-line basis

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.

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. The following policies apply subsequent to the date of initial application.

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.

On initial recognition, the carrying value of the lease liability also includes: amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: lease payments made at or before commencement of the lease; initial direct costs incurred; and the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Impairment of property, plant and machinery and intangible assets with a finite useful life
At each balance sheet date, the Group assesses the existence of indicators reducing the value of property, plant and machinery and intangible assets with a finite useful life not fully amortised. If such indicators are found, the recoverable value of the assets is estimated, with any depreciation with respect to the relative book value being recorded on the income statement. Recoverable value is defined as the greater of either the fair value, less the disposal costs, or the relative value in use, understood as the actual value of the future cash flows for that asset. For an asset that does not generate largely independent cash flows, the value is determined in relation to the cash generating unit ("CGU") to which the asset belongs. When calculating the value in use, the expected future cash flows are discounted using a rate that reflects the current market assessments of the cost of money in relation to the period of the investment and risks specific to the asset. A reduction in value is recognised in the income statement when the carrying value of the asset is higher than the recoverable value. If the conditions for a write-down previously carried out no longer subsist, the carrying amount of the asset is restored through registration on the income statement, within the limits of the carrying value that the asset in question would have had if the write-down had never been done and the amortisations had been carried out.

Impairment of non-financial assets with indefinitive 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.

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 CGUs 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 functional currency is in Euros.

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

All overseas operations transact in Euros. Therefore, no adjustment is required on consolidation.

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 which 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 mainly receivables from customers, loans and other receivables.

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).

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 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.

b) Financial assets at fair value recognized through the consolidated income statement ("FVPL")

Financial assets that are not classified in any of the previous categories (i.e. residual category) are classified in this category. These are mainly derivative instruments. All derivative financial instruments are measured at fair value.

Derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which it is designated. If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately within financial expenses.

Assets belonging to this category are recorded at fair value upon initial recognition.

Ancillary costs incurred on recognition of the asset are immediately recognised in the consolidated income statement. On subsequent measurement, FVPL financial assets are measured at fair value.

Gains and losses arising from changes in fair value are recognised in the consolidated income statement in the period in which they are recognised under “Gains (losses) from assets measured at fair value”.

Purchases and disposals of financial assets are accounted for at the settlement date.

Financial assets are derecognised when the related contractual rights expire, or when the Group transfers all the risks and benefits of ownership of the financial asset.

Cash and cash balances
Cash and cash equivalents include cash, bank current accounts, deposits repayable on request and other short-term and highly liquid financial investments that are readily convertible into cash, or convertible into cash within 90 days of the original acquisition date, and are subject to a low risk of changes in value.

Financial liabilities
Financial liabilities include financial payables, payables for leases and trade 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.

Leasing payables are initially recognised at the fair value of the capital goods covered by the contract, or, if lower, at the present value of the minimum payments due.

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.

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.

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 year of service.

According to the national law, the deferred compensation to be paid when an employee leaves the entity is based on the years of service of the employees and on the taxable remuneration earned by the employee during the service year, i.e., the capital accumulated when the employment ends. The provisions are due in the event of retirement, death, invalidity or resignation. During 2021 there were no special events, such as restructuring plans, reductions or regulations during the reference period.

The current value of the fund is calculated using the Projected Unit Credit Method (present value of future performance). The obligations related to the staff severance indemnity are assessed annually by a qualified actuary. Costs for current services are recognised as "Personnel costs". The Group determines the financial charges by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the defined benefit obligation.

Measurement of the liabilities for employee benefits, which include income from the obligation for defined benefits are immediately recognised in other comprehensive income.

When the benefits of a plan are changed or when a plan is reduced, the resulting benefit in the benefit that relates to past service or the gain or loss on the reduction is immediately recognised as "Personnel costs".

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.

Assets held for sale
Assets held for sale or disposal groups whose carrying amount will be recovered principally through a sale rather than through continuing use are classified as held for sale and presented separately from other assets and liabilities in the consolidated statement of financial position.

A discontinued operation represents a part of the entity that has been disposed of or classified as held for sale, and:

- represents a major line of business or geographical area of operation; or
- is part of a coordinated plan to dispose of a significant business or geographical area of operations; or
- is a subsidiary acquired exclusively for the purpose of resale.

The results of discontinued operations – whether discontinued or classified as held for sale – are reported separately in the consolidated income statement, net of tax effects.

Assets held for sale or disposal groups classified as held for sale are first recognised in accordance with the relevant IFRS applicable to each asset and liability and are subsequently recognised at the lower of their carrying amount and fair value less costs to sell.

Any subsequent impairment losses are recognised directly as an adjustment to assets or disposal groups classified as held for sale with a balancing entry in the consolidated income statement.

A reversal of an impairment loss is recognised for each subsequent increase in the fair value of an asset net of costs to sell, but only up to the amount of the cumulative impairment loss previously recognised.

In accordance with IFRS 5 (Assets Held for Sale and Discontinued Operations), assets classified as held for sale or as part of a disposal group are not amortised.

Revenue recognition
Revenues from cloud-based SaaS platforms (WebSparK and LeadSparK) are recognised in line with IFRS 15 based on the five steps model provided by IFRS 15. 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 (at “go-live” of the product).
- The post-contract customer support related to costs incurred to maintain the platform live for which the revenues are recorded over time on the duration of the contracts.

Revenues from “lead generation” services are recognised when the leads are sent to the OEM (Original Equipment Manufacturer in Automotive Sector), or to the dealer after the qualification of the lead.

Cloud-based SaaS platforms are invoiced periodically depending on the milestones and payment cadence agreed in the contract (which may be from delivery/go-live and annually, quarterly or monthly).

Other revenue mainly refers to training activities, which is recognised when the training has been delivered.

Earnings per share
Basic earnings per share is calculated by dividing the result for the year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

Diluted earnings per share is calculated by dividing the result for the year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. For the purposes of the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming that rights having potential dilutive effects are exercised by all the grantees of such rights, and the result attributable to the owners of the parent is adjusted to take into account the effects, if any, net of tax, of the exercise of those rights.

Deferred taxation
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

6. Operating segments

Following the classification of the DriveK business as a discontinued operation, 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 Group makes certain estimates and assumptions regarding the future. 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. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements

- Capitalisation of development costs – Expenditure on Research is recognised as an expense and charged to the consolidated statement of comprehensive income in the year in which it is incurred.
- Development expenditure relating to specific projects intended for commercial exploitation is capitalised as an intangible fixed asset where the following conditions are met:

  - it is technically feasible to complete the intangible asset so that it will be available for use or sale;
  - it is the intention of the Company to complete the intangible asset and use or sell it;
  - the Company has the ability to use or sell the intangible asset;
  - the intangible asset will generate probable future economic benefits;
  - the technical, financial and other resources needed to complete the development and to use or sell the intangible asset are available to the Company; and
  - the expenditure attributable to the intangible asset during its development can be measured reliably.

Estimates and assumptions

- Revenue recognition – valuation of customer contracts (see note 9).
- Impairment of goodwill – estimate of future cash flows and determination of the discount rate (see note 13).
- Income taxes – provisions for income taxes in various jurisdictions (see note 12).
- Employee benefits liabilities – actuarial assumptions (see note 20).
- Deferred tax assets – deferred tax assets are shown based on forecast future taxable income. The estimation of future taxable income for the purpose of accounting for deferred tax assets depends on factors that may change over time and have a significant effect on the recoverability of deferred tax assets.
- Provision for bad debt – the allowance account for trade receivables is used to record impairment losses where a credit risk has been identified, unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.
- Useful life of capitalised development costs – management has estimated that the useful life of capitalised development costs is three years, representative of the time horizon for which the products developed are expected to generate net cash inflows for the Group.

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, retained earnings and other reserves totalling €64.4 million (€2.1 million as at 31 December 2020).

The significant increase in the amount of Group capital is related to capital increase related to the listing on Euronext Amsterdam for an amount of approximately €70 million (net of IPO fees).

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. There are no externally imposed capital requirements.

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 of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. 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, 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.

It is worth mentioning that, during 2020, the Group has implemented a specific team within the finance function managing credit collection and a standard procedure, based on relevant frameworks applicable, to be followed by all the Group companies.

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.

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 month	Overdue by more than 2 months	Total
Gross trade receivables as at 31 December 2020	4,131	212	199	771	5,313
Allowance for doubtful receivables	–	–	–	(268)	(268)
Trade receivables as at 31 December 2020	**4,131**	**212**	**199**	**503**	**5,045**
Gross trade receivables as at 31 December 2021	4,147	925	330	565	5,967
Allowance for doubtful receivables	–	–	–	(247)	(247)
Trade receivables as at 31 December 2021	**4,147**	**925**	**330**	**318**	**5,720**

Foreign exchange risk
Exchange rate fluctuation risk is not considered significant. Although the Parent Company is based in UK, all the other subsidiaries are based in Europe and the most significant transactions of the Group are made in Euros, the functional currency of the Group used for the preparation of the consolidated financial statements.

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.

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. At the end of 2021, these projections indicated that MotorK Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

It is worth mentioning that due to the listing of the Group on Euronext Amsterdam an amount of approximately €70 million was received as capital increase (net of commissions). This amount was partially used to reimburse part of the financial liabilities in place with European Investment Bank for an amount of €15 million plus interests and Credimi for an amount of €1.8 million.

As at 31 December 2021 the cash available in banks amounts to €43 million and the short-term and long-term financial position is strongly positive.

The following table provides an analysis of cash disbursements by due date related to financial liabilities, based on contractual repayment obligations, as at 31 December 2021 and 2020:

	As at 31 December 2021				
€'000	Within 1 year	2-5 years	Over 5 years	Contract value	Carrying amount
Financial liabilities	1,976	4,499	–	6,475	6,122
Lease liabilities	893	2,042	190	3,125	2,836
Trade and other payables	11,202	–	–	11,202	11,202
Other non-current liabilities	–	–	–	–	–

	As at 31 December 2020				
€'000	Within 1 year	2-5 years	Over 5 years	Contract value	Carrying amount
Financial liabilities	6,807	30,753	309	37,869	31,095
Lease liabilities	872	856	–	1,728	1,588
Trade and other payables	6,128	–	–	6128	6,128
Other non-current liabilities	–	816	–	816	816

Interest rate risk

As at 31 December 2021 the exposure to interest rate risk is not considered significant taking into account that there are no financial loans with variable interest rates in place.

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.
- 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 2021 and 2020:

€'000	2021	2020
Financial assets at amortised cost		
Non-current assets – security deposit	106	262
Trade receivables	5,720	5,045
Other receivables	355	10
Cash and cash equivalents	43,257	11,824
Trade and other receivables classified as held for sale	2,238	3,195
Total	**51,676**	**20,336**

The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

Trade receivables are stated net of provision for impairment. See note 16 for disclosure in respect of overdue trade receivables.

Financial liabilities
The following tables show financial liabilities by category, as defined by IFRS 9, as at 31 December 2021 and 2020:

€'000	2021	2020
Financial liabilities at amortised cost		
Trade payables	1,844	1,761
Current financial liabilities	1,922	6,263
Current lease liabilities	790	802
Trade payables classified as held for sale	430	715
Non-current financial liabilities	4,200	24,832
Other non-current liabilities	–	816
Non-current lease liabilities	2,046	786
Total	**11,232**	**35,975**

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.

9. Revenue

Group revenue for the year ended 31 December 2021 amounted to €27.6 million, up 43% year-on-year (€19.3 million as at 31 December 2020).

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following tables.

	For the year ended 31 December 2021			
€'000	SaaS platform	Digital marketing	Other revenues	Total
Primary geographic market				
UK	–	–	–	–
Italy	11,456	7,382	3,417	22,255
Spain	1,207	216	72	1,495
France	1,767	1	70	1,838
Germany	1,874	75	23	1,972
Total	**16,304**	**7,674**	**3,582**	**27,560**

	For the year ended 31 December 2020			
€'000	SaaS platform	Digital marketing	Other revenues	Total
Primary geographic market				
UK	–	–	103	103
Italy	6,705	6,322	2,577	15,604
Spain	1,104	290	50	1,444
France	1,665	–	6	1,671
Germany	292	193	22	507
Total	**9,766**	**6,805**	**2,758**	**19,329**

Revenues related to SaaS platform contracts amounts to €16.3 million as at 31 December 2021 compared to €9.8 million as at 31 December 2020. The increase compared to last year is related to the robust organic growth of the business in which MotorK is operating. 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; and
- "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 at the date of the delivery of 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 of the agreement in relation to the post-contract support activities.

Digital marketing revenues amounting to €7.7 million as at 31 December 2021 compared to €6.8 million as at 31 December 2020 are related to services for the dealer in order to acquire enhanced online traffic.

Other revenues amounting to €3.6 million as at 31 December 2021 compared to €2.7 million as at 31 December 2020 mainly include revenues for training activities.

10. Group operating profit/(loss)

Group operating loss is stated after charging/(crediting) the following:

€'000	2021	2020
Costs for marketing services	6,654	5,834
Costs for call centre services	–	195
Personnel costs	27,828	12,474
R&D capitalisation	(3,490)	(2,661)
Other operating costs	8,689	4,831
Amortisation and depreciation	4,235	3,186
Total costs	**43,916**	**23,859**

The increase of costs for marketing services is directly attributable to the increase of revenues from digital marketing as already stated in note 9 of this section.

Personnel costs, excluding Directors' remuneration, are shown in the following table:

€'000	2021	2020
Wages and salaries	13,325	9,260
Social security costs	3,671	2,563
Employee benefit pension cost	557	517
Severance indemnity	435	-
Earn out payments costs	126	-
Share-based payments	9,714	134
Total	**27,828**	**12,474**

The increase of the caption wages and salaries compared to last year is mainly due to the increase of the average number of employees and to the amount of bonus paid to employees during the year 2021 (zero in 2020 due to the spread of COVID-19). Wages and salaries include the directors' emoluments paid in 2021 (full details are given in the Directors' remuneration report on pages 56 to 67).

Share-based payments includes the accrual of the stock option costs as required by IFRS 2. Further details are provided in note 23. The increase compared to last year is mainly related to the vesting of a certain amount of stock options at the day of IPO.

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. 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:

- Fees for legal, fiscal and administrative and HR consultants of approximately €3 million.
- Exceptional costs of €2.7 million related mainly to IPO and M&A.

The increase compared to last year is mainly related to the one-off exceptional costs related to the IPO and travelling expenses (almost nil in 2020, the year of travel restrictions due to the spread of COVID-19).

IPO fees have been accounted for in accordance with IAS 32, allocating between equity and income statement based on the ratio of old to new shares.

The fees of the Group's auditor for services provided are analysed below:

€'000	2021	2020
Audit of the Group's financial statements	143	41
Other (*)	353	5

* includes mainly the activities related to the IPO (issuing of comfort letters on the Prospectus and other related services).

Amortisation and depreciation expenses includes:

- amortisation of intangible assets of approximately €3.3 million for the year ended 31 December 2021 (€2.2 million for the year ended 31 December 2020) mainly related to development costs capitalised;
- depreciation of tangible assets for approximately €0.9 million for the year ended 31 December 2021 (€0.9 million for the year ended 31 December 2020).

11. Finance income and expense

Finance income and expense are shown in the following tables:

€'000	2021	2020
Interest received on bank deposits	–	16
Gain on foreign exchange	11	–
Total finance income	**11**	**16**

€'000	2021	2020
Bank loans and overdrafts	549	194
Other loans	1,645	1,345
Hire purchase interest	–	–
Net interest expense on defined benefit pension scheme	13	16
Loss on derivative contracts	2,327	–
Other	284	265
Total finance expense	**4,818**	**1,820**

Bank loans and overdrafts include the interest paid during the year for the loan in place. Other loans include the interest accrued for the loan entered into with European Investment Bank. The loan has been fully repaid at the end of 2021.

The loss on derivative contracts amounting to €2.3 million is related to the exercise of the put option by European Investment Bank at the date of the repayment of the loan in relation to warrants agreements issued by the Group at the date in which the loan was stipulated. As per the requirements of IFRS Accounting Standards, the instrument was settled net in cash and as a consequence, a loss has been accounted in the income statement.

12. Corporate income tax

Corporate income taxes are shown in the following table:

€'000	2021	2020
Current tax on profits for the period	–	–
R&D tax grants	150	190
Foreign subsidiaries income taxes	(2,236)	(127)
Adjustment for other provision in prior periods	(9)	28
Total current tax	**(2,095)**	**91**
Origination and reversal of temporary differences	(670)	834
Total deferred tax	**(670)**	**834**
Corporate income tax	**(2,765)**	**925**

The caption R&D tax grants is related to tax grants recognised by Italian tax authorities in relation to the capital increase made by MotorK Plc in MotorK Italia Srl in December 2021.

Foreign subsidiaries income taxes include the accrual for corporate income taxes to be paid in Spain, France, Portugal and mainly Israel. Regarding the tax provision recorded in Israel amounting to €2.1 million, this is due to the asymmetric treatment of some costs (non-deductible from an Israelian tax perspective) and the recharge related to the cost-plus application within the Group that is instead taxable.

Reversal of temporary differences is related to the reversal of deferred tax assets booked in the 31 December 2020 consolidated financial statements. The Group continually re-evaluates the expected timings of forecast taxable profits by jurisdiction where deferred tax assets could arise. In line with IAS 12 deferred tax assets should only be recognised in the key jurisdictions to the extent that recovery is probable (i.e. where taxable profits will be available) and, in our judgement, the timing cannot be accurately forecast with granular clarity. In accordance with this, management has decided to write-off the deferred tax assets booked in the previous year until taxable profit is generated in the local jurisdictions where such assets may be used.

Group has estimated trading losses carried forwarded in the UK for an amount of approximately €21 million and in Italy for an amount of approximately €14.5 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 €4.6 million have not been recognised on the 2021 loss by management 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	2021	2020
Profit/(loss) before tax (discontinued and continuing operations)	(20,760)	(6,292)
Tax using the Company's domestic tax rate of 19.0%	(3,944)	(1,195)
R&D expenditure credit	–	(190)
Other expenditure credit	(150)	–
Foreign subsidiaries income taxes	2,236	127
Unrecognized deferred tax assets	4,626	1,020
Other movements	(3)	(687)
Total tax (credit)	**2,765**	**(925)**

Notes to the consolidated statement of financial position

13. Intangible assets

Details of intangible assets increase and decrease for the years ended 31 December 2021 and 2020 are provided in the following table:

€'000	Customer relationships	Trademark	Development costs and software	Goodwill	Total
Cost					
As at 1 January 2020	**1,520**	**–**	**10,790**	**2,045**	**14,355**
Additions – internally generated	–	–	3,239	–	3,239
Other changes	–	–	–	(102)	(102)
Assets classified as held for sale	–	–	(3,245)	–	(3,245)
As at 31 December 2020	**1,520**	**–**	**10,784**	**1,943**	**14,247**
Additions – internally generated	–	–	3,729	–	3,729
Acquired through business combinations	1,603	70	220	5,937	7,830
Assets classified as held for sale	–	–	(177)	–	(177)
As at 31 December 2021	**3,123**	**70**	**14,556**	**7,880**	**25,629**
Accumulated amortisation and impairment					
As at 1 January 2020	**249**	**–**	**2,920**	**0**	**3,169**
Charge for the year	108	–	2,605	–	2,713
Assets classified as held for sale	–	–	(1,497)	–	(1,497)
As at 31 December 2020	**357**	**–**	**4,028**	**0**	**4,385**
Charge for the year	119	1	3,171	–	3,291
Assets classified as held for sale	–		–	–	–
As at 31 December 2021	**476**	**1**	**7,199**	**0**	**7,676**
Net book value					
As at 1 January 2020	**1,271**	**-**	**7,870**	**2,045**	**11,186**
As at 31 December 2020	**1,163**	**-**	**6,756**	**1,943**	**9,862**
As at 31 December 2021	**2,647**	**69**	**7,357**	**7,880**	**17,953**

Customer relationship
The customer relationship amounts to €2.6 million as at 31 December 2021 (€1.2 million as at 31 December 2020). The increase is related to the provisional fair value of customer relationship arising from the allocation of the consideration paid for the acquisition of Dapda and Fidcar net of the amortisation of the year. Despite the loss of the year 2021, 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 €0.07 million as at 31 December 2021 (€nil as at 31 December 2020) and this is related to the provisional fair value allocated using the Relief-from-Royalty method to part of the consideration paid for the acquisition of Fidcar.

Development costs
Development costs amounting to €7.3 million as at 31 December 2021 (€6.7 million as at 31 December 2020) 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.

Despite the loss for the year 2021, management has assessed that there are no impairment indicators and therefore it is unnecessary to prepare an impairment test, the reason being the good performance in terms of revenues and EBITDA of the Group.

Goodwill

Goodwill booked in the consolidated financial statements as at 31 December 2021 amounts to €7.9 million (€1.9 million as at 31 December 2020). The increase compared to last year is related to the provisional fair value allocated to residual goodwill generate by the acquisition of Fidcar and Liotey for €5.9 million.

As at 31 December 2020 the Group holds goodwill in respect of the MotorK Italy acquisition in 2016 (€0.1 million), the Punsset (merged in MotorK Spain) (€0.4 million) and MotorK Deutschland acquisitions in 2017 (€0.05 million), and the For Business (€0.2 million) and 3W Net acquisitions in 2019 (€1.1 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 single CGU is equal to DealerK business unit plus corporate costs as the DriveK business unit was classified as a discontinued operation).

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 2021 goodwill was subjected to an impairment test taking into account past economic and financial performance and future expectations inferable from the business plan 2022–2026. Beyond that period operating cash flows are assumed to grow at 1.7% annually. The risk adjusted pre-tax rate (“WACC”) used to discount the CGU cash flow forecasts is 16.2%. 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 2021 did not reveal any impairment loss.

In assessing the value in use of the CGU, management have 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 27.3%.

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 2020	**326**	**77**	**–**	**203**	**2,354**	**2,960**
Additions	–	–	–	6	1,078	1,084
Reclassification to intangible assets	(10)	–	–	–	–	(10)
As at 31 December 2020	**316**	**77**	**–**	**209**	**3,432**	**4,034**
Additions	10	8	–	117	1,975	2,110
Acquired through business combinations	23	38	1	50	215	327
Disposals					(182)	(182)
As at 31 December 2021	**349**	**123**	**1**	**376**	**5,440**	**6,289**
Accumulated depreciation						
As at 1 January 2020	**190**	**46**	–	**106**	**1,036**	**1,378**
Charge for the year	54	20	–	44	845	963
As at 31 December 2020	**244**	**66**	–	**150**	**1,881**	**2,341**
Charge for the year	41	9	1	48	845	944
Depreciation on disposals					(72)	(72)
As at 31 December 2021	**285**	**75**	**1**	**198**	**2,654**	**3,213**
Net book value						
As at 31 January 2020	**136**	**31**	–	**97**	**1,318**	**1,582**
As at 31 December 2020	**72**	**11**	–	**59**	**1,551**	**1,693**
As at 31 December 2021	**64**	**48**	–	**178**	**2,786**	**3,076**

Right-of-use assets amounting to €2.8 million as at 31 December 2021 (€1.6 million as at 31 December 2020) 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 additions in the year of €2 million are related mainly to the renewal of the lease in place for the office of MotorK Italia Srl of Milan for six years.

Right-of-use by underlying asset mainly refers to (i) automobiles for €0.3 million as of 31 December 2021 (€0.4 million as of 31 December 2020), and to (ii) office rental for €2.4 million as of 31 December 2021 (€1.1 million as of 31 December 2020).

15. Non-current assets – security deposit

Non-current assets – security deposit amounts to €0.1 million as at 31 December 2021 (€0.3 million as at 31 December 2020) 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	2021	2020
Non-current contract assets	5,059	4,289
Contract assets – current portion	8,521	5,915
Total contract assets	**13,580**	**10,204**
Trade receivables	5,720	5,045
Prepayments	634	307
Other receivables	355	10
Tax receivables	732	270
Total trade and other receivables	**7,441**	**5,632**

Contract assets
As already mentioned in note 9, the financial statement line item Contract assets is related to the application of IFRS 15 on DealerK SaaS revenue agreements and represents accrued income as at the reference date.

Revenues related to DealerK SaaS multi-year contracts (12, 24 or 36 months) are recognised on delivery ("go-live") of the platform, 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 revenue from the SaaS platform.

Trade and other receivables
Trade receivables as at 31 December 2021 amounted to €5.7 million with the year-on-year increase due to the higher revenues generated in the fourth quarter of 2021 compared to 2020.

As at 31 December 2021 trade receivables of €0.9 million (€1.5 million as at 31 December 2020) were overdue but not impaired. They relate to the customers with no default history.

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	2021	2020
As at 1 January	**268**	**234**
Increase during the year	70	137
Receivables written off during the year as uncollectable	(62)	(13)
Impairment allowance for trade receivables classified as held for sale	(29)	(90)
As at 31 December	**247**	**268**

Tax receivables includes VAT receivables and mainly the tax grants granted by the capital increase in MotorK Italy for €0.1 million (so called "Superace").

17. Cash and cash equivalents

The caption cash and cash equivalents amounting to €43.2 million (€11.8 million as at 31 December 2020) 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 2021 (€0.1 million as at 31 December 2020).

For details of changes during the analysed periods please refer to the consolidated statement of cash flow. As already mentioned in this Annual Report, the increase in cash and cash equivalents related to the IPO proceeds net of the cash used mainly for the repayment of the financial loan in place and M&A.

Cash and cash equivalents are deposited with top rated banks.

18. Trade and other payables and tax payable

Trade and other payables include:

€'000	2021	2020
Trade payables	1,844	1,761
Accruals	1,329	788
Total trade payables	**3,173**	**2,549**
Other payables including tax and social security payments	5,084	2,894
Total current trade and other payables	**8,257**	**5,443**

The carrying value of trade and other payables measured at amortised cost approximates fair value.

Trade payables amount to €1.84 million as at 31 December 2021 compared to €1.76 million as at 31 December 2020.

Accruals includes invoices to be received for service rendered in 2021. The increase compared to the data as at 31 December 2020 is lined up with the increase of trade payables and with the general increase of the business of the Group.

Other payables amounting to €5.1 million as at 31 December 2021 includes:

- contract liabilities of €1.3 million mainly related to the post-contract service support revenues as described in note 9 of these consolidated financial statements;
- liabilities towards employees for bonus' to be paid in 2022 for €0.8 million;
- other liabilities towards employees and related social security charges of approximately €3 million.

Changes compared to last year amounting to €2.2 million are mainly related to liabilities towards employee increases due to both the higher number of employees and to the fact that in 2020 no bonus were paid due to COVID-19.

€'000	2021	2020
Corporate tax liabilities	2,448	24
VAT liabilities	497	661
Total tax payable	**2,945**	**685**

Corporate tax liabilities includes mainly the tax provision booked in MotorK Israel Ltd already described in note 12 for €2.1 million.

VAT liabilities is mostly composed by VAT debt position of the subsidiaries in Germany, Spain and France.

19. Current and non-current financial liabilities

Current and non-current financial liabilities include:

€'000	2021	2020
Bank loan	1,794	1,594
Convertible notes	–	4,650
Other financial liabilities	128	19
Total current financial liabilities	**1,922**	**6,263**
Current lease liabilities	**790**	**802**
Bank loan	4,200	24,832
Total non-current financial liabilities	**4,200**	**24,832**
Non-current lease liabilities	**2,046**	**786**

Bank loan

The following table sets forth the breakdown of bank loans by counterparty for the years ended 31 December 2021 and 2020:

	2021		2020	
€'000	Current	Non-current	Current	Non-current
Financial institution				
BNL	–	–	333	–
Creval	594	–	302	581
Credimi	–	–	359	1,641
European Investment Bank	–	–	–	17,210
Illimity Bank	1,200	4,200	600	5,400
Total	**1,794**	**4,200**	**1,594**	**24,832**

Changes compared to last year are related to the repayment of the loan in place with European Investment Bank and Credimi using part of the IPO proceeds. The capital allocation strategy of the Group is geared towards reducing borrowing costs to enhance liquidity and enabling the necessary flexibility for MotorK to manage its operations, continue executing strategic M&A and investing in R&D to maximise shareholder value.

At the end of January 2022 the loan with Illimity bank was refinanced, producing €1.8 million of additional liquidity with a longer maturity date and a lower interest rate. The new financial loan amounting to €7.25 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). At the date of the subscription of the agreement covenants are respected. The loan is guaranteed by SACE SIMEST for 90% of the value.

Convertible notes

In December 2019 a first tranche of convertible notes was issued to an investment fund, for an amount of €4.0 million, convertible into shares starting from June 2021. A second tranche of the notes was issued in March 2020, for an amount of €0.6 million to other investment funds, convertible into shares starting from September 2021. These loans have been totally converted into equity during 2021. This conversion improves the financial structure of MotorK Group and confirms that investors believe in the strategic view of MotorK management. The actual number of shares as a result of conversion to shares is 1,242,628.

Other financial liabilities

Other financial liabilities includes mainly debt related to credit cards repaid early in 2022.

The changes in financial liabilities, excluding lease liabilities, are shown below:

€'000	Total
Financial liabilities at 31 December 2019	**24,575**
Drawdowns of new loan and CEN	6,650
Repayments of loan	(342)
Change in factoring	(1,114)
Cash changes	**5,194**
Amortised cost for the period	1,326
Financial liabilities at 31 December 2020	**31,095**
Repayments of loan *	(20,432)
Change in other financial liabilities	109
Cash changes	**(20,323)**
Convertible equity note conversion	(4,650)
Financial liabilities at 31 December 2021	**6,122**

*This includes the repayments of principals for €18.2 million and interests already accrued as at 31 December 2020 for €2.2 million.

Changes compared to 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 2021 and 2020 the expense relating to low value assets leases amounted to €0.8 million and €0.5 million, respectively.

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.

The following table provides details of lease liabilities:

€'000	Land and buildings	Motor vehicles	Total
Lease liabilities			
As at 1 January 2020	**1,010**	**375**	**1,385**
Cash items:			
Lease payments	(585)	(338)	(923)
Non-cash items:			
New leases in the year	740	317	1,057
Interest expense	47	22	69
As at 31 December 2020	**1,212**	**376**	**1,588**
Cash items:			
Lease payments	(517)	(394)	(911)
Non-cash items:			
New leases in the year	1,611	373	1,984
New leases through business combinations	201	14	215
Reduction for disposal of lease	(63)	(53)	(116)
Interest expense	49	27	76
As at 31 December 2021	**2,493**	**343**	**2,836**

The following table provides details of the Group's lease liabilities:

	As at 31 December	
€'000	2021	2020
Repayables as follows:		
Under 1 year	790	802
2-5 years	1,861	726
Greater than 5 years	185	60
Total	**2,836**	**1,588**

The increase compared to last year is mainly related to the renewal of the office rent of MotorK Italia Srl HQ in Milan

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.

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 increased by €0.2 million as at 31 December 2021 compared to 31 December 2020, due to the increase in the number of employees. According to IAS 19, the liability was determined by an actuarial calculation. The effect of the actuarial loss, amounting to €0.02 million for the year ended 31 December 2021 (€0.2 million for the year ended 31 December 2020), has been recognised in OCI.

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 fiscal year ending 31 December 2022	131
Expected benefit payments during fiscal year ending 31 December 2023	84
Expected benefit payments during fiscal year ending 31 December 2024	105
Expected benefit payments during fiscal year ending 31 December 2025	125
Expected benefit payments during fiscal year ending 31 December 2026	145
Expected benefit payments during fiscal years ending 31 December 2027 through 31 December 2030	1,479

The amounts recognised in the statement of financial position are as follows:

€'000	2021	2020
Present value of obligation	(2,069)	(1,818)
Fair value of scheme assets	–	–
Employee benefit liability	**(2,069)**	**(1,818)**

The amounts included within the statement of comprehensive income are as follows:

€'000	2021	2020
Current service costs	557	507
Amount included in personnel costs	**557**	**507**
Interest on pension liabilities	13	16
Amount included in finance cost	**13**	**16**

The cumulative actuarial losses recognised in other comprehensive income as at 31 December 2021 is €0.02 million (€0.2 million as at 31 December 2020).

Analysis of the amount recognised in statement of total comprehensive income:

€'000	2021	2020
Experience loss on liabilities	(20)	(165)
Changes in assumptions	–	–
Net loss	**(20)**	**(165)**

Changes in the present value of the employee benefit obligation are as follows:

€'000	2021	2020
Opening employee benefit obligation	1,818	1,584
Service cost – continuing operations	557	507
Service cost – discontinued operations	–	87
Interest cost	13	16
Actuarial losses	20	165
Benefit paid	(356)	(416)
Reclassification as liabilities directly associated with assets classified as held for sale	–	(128)
Other movements	17	3
Closing employee benefit obligation	**2,069**	**1,818**

Expected payments for the year ending 31 December 2022 for the Group amount to €0.08 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.

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.
- 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:

	2021	2020
Discount rate	1.20%	0.70%
Rate of retail price inflation	2.00%	1.75%
Rate of increase in salaries	3.00%	2.75%

The amount for the current and previous periods are as follows:

€'000	2021	2020
Employee benefits obligation	(2,069)	(1,818)
Scheme assets	–	–
(Deficit)	(2,069)	(1,818)
Experience adjustments on scheme liabilities	(20)	(165)

Sensitivity analysis of the value of employee benefits liabilities is shown below:

€'000	2021	2020
Base case	2,069	1,818
Discount rate +0.5%	(95)	(212)
Discount rate -0.5%	258	112

21. Deferred tax assets and liabilities

Deferred tax assets and liabilities are calculated in full on temporary differences under the liability method using the tax rate of the country in which such differences arisen.

The movement of deferred tax assets is shown below:

€'000	2021	2020
As at 1 January	**698**	–
Release of losses carried forward (MotorK Italia)	(698)	698
As at 31 December	–	**698**

The decrease compared to last year is related to the write-off of the deferred tax assets booked in the consolidated financial statements as at 31 December 2020. For further details please refer to note 12 of this section.

The movement of deferred tax liabilities is shown below:

€'000	2021	2020
As at 1 January	**245**	**315**
Business combination	441	–
Recognised in profit and loss	(27)	(70)
As at 31 December	**659**	**245**

Details of deferred tax liabilities are shown below:

€'000	2021	2020
Other	77	47
Customer relationship	582	198
Total	**659**	**245**

The increase compared to last year is mainly related to the deferred tax liabilities arising from the provisional fair value of the intangible assets arising from the purchase price allocation exercise in relation to the consideration paid for the acquisition of Dapda and Fidcar.

22. Other non-current liabilities and provisions

Other non-current liabilities and provisions include:

€'000	2021	2020
Other non-current liabilities	–	816
Current provisions	366	–
Non-current provisions	1,040	–
Total	**1,406**	**816**

The financial statement caption other non-current liabilities as at 31 December 2021 amounts to zero (€0.8 million as at 31 December 2020). The difference compared to last year is due to the release of the provision accrued as at 31 December 2020 as the risk associated is no longer determined by management to be probable. The movement of other non-current liabilities is shown below:

€'000	2021
Other non-current liabilities as at 1 January	**816**
Release of the period	(816)
Accrual for the period	–
Other non-current liabilities as at 31 December	**–**

Provisions classified within current liabilities amounts to €0.4 million (nil as at 31 December 2020) and includes the provision for certain risk related to litigations in place with some employees who left MotorK and whose level of risk is assessed as probable by management. Provisions classified within non-current liabilities amounts to €1 million (nil as at 31 December 2020) is related to the estimated provisional deferred consideration to be paid for the acquisition of Dapda. The movement of current and non-current provisions is shown below:

€'000	2021
Current provisions as at 1 January	**–**
Release of the period	–
Accrual for the period	366
Current provisions as at 31 December	**366**

€'000	2021
Non-current provisions as at 1 January	**–**
Release of the period	–
Accrual for the period	1,040
Non-current provisions as at 31 December	**1,040**

23. Shareholders equity

Share capital

The share capital is composed as follows:

	2021			2020		
	Value (€'000)	Number	Value per share (€)	Value (€'000)	Number	Value per share (€)
Ordinary shares	403	40,328,959	0.01	174	17,352,000	0.01
Deferred shares	–	–	–	2	196,500	0.01
Preferred A-1 shares	–	–	–	28	2,779,100	0.01
Preferred A-2 shares	–	–	–	69	6,923,346	0.01
Total	**403**	**40,328,959**	**0.01**	**273**	**27,250,946**	**0.01**

During the financial year 2021 share capital changed due to the following items:

- conversion into ordinary shares of deferred shares, preferred A-1 shares and preferred A-2 shares before the IPO;
- conversion of the convertible equity notes into 1,242,628 shares in June and September 2021;
- issue of 120,000 shares before the IPO following the exercise of stock options by the Chairman of the Group;
- issue of 11,500,000 shares related to the IPO capital increase in November 2021;
- issue of 215,385 shares related to the acquisition of Fidcar in December 2021. Further details on the transaction are included in note 24.

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 2021, 2,126,641 (1,026,365 in 2020) options were granted to employees. These options all vest on a straight-line basis over four years, have an exercise price of €0.34, and have a life of 10 years. The earliest date on which the option may be exercised shall be immediately prior to the date on which an exit, consisting in a share sale, an asset sale or a listing, occurs.

	2021			2020		
	Weighted average exercise price (€ cents)	Number	of which exercised	Weighted average exercise price (€ cents)	Number	of which exercised
Outstanding at 1 January	**34**	**1,685,959**	**–**	**34**	**1,401,374**	**–**
Subdivision of shares						
Granted during the year	34	2,126,641	120,000	34	1,026,365	–
Lapsed during the year (*)	34	(611,017)	–	34	(741,780)	–
Outstanding at 31 December	**34**	**3,201,583**	**120,000**	**34**	**1,685,959**	**–**
of which						
vested		*2,339,706*			*1,002,699*	
unvested		*861,877*			*683,260*	

(*) The options lapsed when the beneficiary left the Company.

The exercise price of options outstanding at 31 December 2021 and 2020 was €0.34.

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:

	2021	2020
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date (€)	6.5	3.74
Exercise price (€)	0.337	0.337
Weighted average contractual life (years)	10	10
Volatility	32%	32%

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	2021	2020
Equity-settled scheme	9,714	134

24. Discontinued operations

During the year, management of the Group has reviewed the strategic view of MotorK, focusing on the DealerK business unit, which has already demonstrated scalability by building on investments made over recent years in R&D, hiring and acquisitions. An important step in this regard is the decision to sell to a third-party the business unit DriveK. This operation offers the chance to focus all the strength on one business unit, maximise the value of the Company and complete the technological transformation. In this regard the Board of Directors of the Company have taken proper action, engaging advisors and making relevant decisions to complete the transaction in 2021. Due to the commitment of the Board of Directors and in accordance with IFRS 5 management has decided to classify the DriveK business unit as discontinued in the consolidated financial statements ended 31 December 2020.

During the year, MotorK management received non-binding offers for the sale of the DriveK business unit, however, the shortage of automobile chips due to high demand in other sectors of the economy such as computer equipment has slowed down the sales process. As at the date of these consolidated financial statements the Board of Directors of the Company and MotorK top management are still committed to selling the DriveK business unit and there are conversations being had with potential buyers. The sale is forecasted to be completed in 2022 with a price higher than net book value.

Due to the aforementioned reasons and, in accordance with IFRS 5, the results of operations have been reclassified in a separate caption for each comparable period and assets and liabilities have been classified within assets and liabilities available for sale. The cash flows attributable to discontinued operations are disclosed separately in this note.

Financial information relating to the discontinued operation is set out below.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the years ended 31 December 2021 and 2020:

€'000	2021	2020
Revenue	6,325	5,946
Costs for marketing and call centre services	3,853	3,307
Personnel costs	1,529	2,136
R&D capitalisation	(177)	(574)
Other operating costs	717	503
Amortisation and depreciation	–	532
Total costs	**5,922**	**5,904**
Operating profit	**403**	**42**
Finance expense	–	–
Profit before tax	**403**	**42**
Corporate income tax	–	–
Profit after income tax of discontinued operation	**403**	**42**

€'000	2021	2020
Net cash flows from/(used in) operating activities	951	2,857
Net cash from/(used in) investing activities	(177)	42
Net cash from/(used in) financing activities	–	–
Net increase in cash generated by the business	**774**	**2,899**

Assets and liabilities of disposal group as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2021 and 31 December 2020:

€'000	31 December 2021	31 December 2020
Intangible assets	1,925	1,748
Trade and other receivables	2,238	3,195
Total assets classified as held for sale	**4,163**	**4,943**
Trade and other payables	767	1,166
Employees benefits	118	128
Total liabilities classified as held for sale	**885**	**1,294**
Net assets classified as held for sale	**3,278**	**3,649**

25. Business combinations

The acquisitions described below were completed by the Company in December 2021 and were made in the context of the Group's growth strategy. Please see below for more details. In accordance with IFRS 3, management has decided to allocate the consideration paid to provisional fair value in the light of the fact that the acquisitions were made in December 2021.

Fidcar SAS and Liotey Sarl

On 3 December 2021 the Company completed the acquisition of 100% of Fidcar SAS and Liotey Sarl (together, "Fidcar"), innovative solution providers for automotive retail based in France. Fidcar Group develop innovative e-reputation and predictive marketing solutions that capture data related to the customer journey and then analyse it with proprietary AI to determine the retail preferences and habits of customers. This information can then be leveraged to strengthen customers' digital marketing efforts and broaden social media presence. Through completion of this business combination, MotorK will integrate Fidcar's technology into its SaaS platform and offer these additional solutions to its customers to help them leverage customer data to drive acquisition and retention.

The initial consideration paid for Fidcar SAS amounts to €1.5 million (of which €1.4 million through the issue of shares and €0.1 million in cash). In addition to the initial consideration paid, the sale and purchase agreement regulating the transfer of shares to MotorK Plc provides with an earn out of €0.6 million related to certain performance of the acquired company (i) December 2021 cumulative revenue over a certain target; ii) entering into new contract resulting in annual revenue over a target amount). Such earn out is conditioned to the fact that the previous shareholders of Fidcar (now employees of the Group) will remain for a certain period as employees of the Group. As provided by IFRS 3 paragraph 55 a) such earn-out is considered as personnel remuneration and accrued on the Group profit and loss on a straight-line basis over the period of the conditions. Since the acquisition date, the subsidiary contributed for €0.05 million to the Group consolidated result for the year and €0.1 million to Group revenue in the consolidated financial statements closed as at 31 December 2021.

The initial consideration paid for Liotey Sarl amounts to €0.4 million in cash. No deferred and contingent considerations are provided in addition to the initial consideration paid. Since the acquisition date, the subsidiary contributed for negative €14 thousand to the Group consolidated result for the year and €2 thousand to Group revenue in the consolidated financial statements closed as at 31 December 2021.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

Fidcar SAS (€'000)	Book value at acquisition date	Adjustment	Restated fair value
Customer-related intangible assets		201	201
Trademark		70	70
Software	54	70	124
Property, plant and equipment	6		6
Receivables	158		158
Cash at bank and in hand	33		33
Payables	(137)		(137)
Deferred tax		(91)	(91)
Total net assets (A)	**114**	**250**	**364**
Fair value of consideration			
Cash			66
Deferred consideration			–
Equity			1,400
Total consideration (B)			**1,466**
Goodwill (B)-(A)			**1,102**

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 opportunities between Fidcar and the Group.

Liotey Sarl (€'000)	Book value at acquisition date	Adjustment	Restated fair value
Property, plant and equipment	9		9
Receivables	16		16
Cash at bank and in hand	70		70
Payables	(46)		(46)
Total net assets (A)	**49**	**–**	**49**
Fair value of consideration			
Cash			400
Deferred consideration			–
Equity			–
Total consideration (B)			**400**
Goodwill (B)-(A)			**351**

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 opportunities between Liotey and the Group.

PDA DAPDA, SL and DAPDA Media, SL

On 13 December 2021 the Company completed the acquisition of 100% of PDA DAPDA, SL and DAPDA Media, SL (together, "Dapda"), a Spanish leader in providing digital tools to automotive retailers.

Founded in 2005, Dapda provides innovative solutions and services to help a broad range of automotive retailers in Spain digitise their operations and generate and manage leads. The acquisition of Dapda will further diversify MotorK's customer base and increase its scale in Spain, a core market for MotorK. MotorK also plans to offer and roll out services from its integrated SaaS platform to Dapda customers across Iberia.

The initial consideration paid for PDA DAPDA, SL amounts to €4.5 million in cash. In addition to the initial consideration paid, the sale and purchase agreement regulating the transfer of shares to MotorK Plc provides with a deferred consideration of €1 million (of which a portion equal to 4/5 to be paid through the issue of share and the remaining part to be paid in cash) and with an earn out payments in case of certain performance of the company acquired (i) customer migration to MotorK products; ii) meet the recurring revenue target; iii) meet the customer churn target). Such earn out is conditioned to the fact that the previous shareholders will remain as employees of the Group for a certain period. As provided by IFRS 3 paragraph 55 a) such earn-out is considered as personnel remuneration and accrued on the Group profit and loss on a straight-line basis over the period of the conditions. Since the acquisition date, the subsidiary contributed for negative €0.04 million to the Group consolidated result for the year and €0.1 million to Group revenue in the consolidated financial statements closed as at 31 December 2021.

The initial consideration paid for DAPDA Media, SL amounts to €1 million in cash. No deferred and contingent considerations are provided in addition to the initial consideration paid. Since the acquisition date, the subsidiary contributed for €0.01 million to the Group consolidated result for the year and €0.1 million to Group revenue in the consolidated financial statements closed as at 31 December 2021.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

PDA DAPDA, SL (€'000)	Book value at acquisition date	Adjustment	Restated fair value
Customer-related intangible assets		1,402	1,402
Property, plant and equipment	88		88
Receivables	522		522
Cash at bank and in hand	309		309
Payables	(280)		(280)
Deferred tax		(350)	(350)
Total net assets (A)	**639**	**1,052**	**1,691**
Fair value of consideration			
Cash			4,502
Deferred consideration			1,004
Equity			–
Total consideration (B)			**5,506**
Goodwill (B)-(A)			**3,815**

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 PDA DAPDA and the Group.

Deferred consideration is related to revenue performance of the subsidiary in the next years. Management has estimated the value based on probability to reach the target. The value of undiscounted deferred consideration amounts to €1.3 million.

DAPDA Media, SL (€'000)	Book value at acquisition date	Adjustment	Restated fair value
Development costs	95		95
Property, plant and equipment	8		8
Receivables	174		174
Cash at bank and in hand	164		164
Payables	(153)		(153)
Total net assets (A)	**288**	**–**	**288**
Fair value of consideration			
Cash			957
Deferred consideration			–
Equity			–
Total consideration (B)			**957**
Goodwill (B)-(A)			**669**

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 DAPDA Media and the Group.

Acquisition of FranceProNet SAS

On 1 February 2022 MotorK Group completed the acquisition of FranceProNet SAS ("FranceProNet"), a top-tier French digital agency specialising in web solutions for the automotive sector. FranceProNet is a trusted partner to dealers seeking to unlock the full potential of digitalisation, providing them with web design and a highly specialised SEO-first approach refined over nearly 20 years, while also integrating training, digital marketing and lead generation services.

The initial consideration paid for FranceProNet in February 2022 amounts to €3.9 million (of which €1 million through the issue of shares and €2.9 million in cash). In addition to the initial consideration paid, the sale and purchase agreement regulating the transfer of shares to MotorK Plc provides with an earn out of €0.6 million related to certain performance of the acquired company. The excess of the purchase price over the fair value of the estimated net assets acquired of €0.8 million represents provisional goodwill for the potential synergies, such as cross-selling opportunities between FranceProNet and the Group. Management will perform the purchase price allocation exercise during the year 2022.

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	
	2021	2020
Loss for the period (in thousands)	(23,525)	(5,367)
Loss from continuing operations (in thousands)	(23,928)	(5,409)
Profit from discontinued operations (in thousands)	403	42
Weighted average number of shares	29,872,528	27,250,946
Earnings per share	(0.79)	(0.20)
Earnings per share from continuing operations	(0.80)	(0.20)
Earnings per share from discontinued operations	0.01	–

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). 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.

27. Post balance sheet events

Loan reimbursement and refinancing

As previously communicated to the market in the first months of 2022 the Group has completed the reorganization of its financial structure repaying the loan in place with Creval for €0.4 million and refinancing the loan with Illimity Banks by obtaining fresh liquidity for €1.8 million with a longer maturity date and reducing borrowing costs. The new loan in place with Illimity Bank is guaranteed by SACE SIMEST for 90% of its principal amount and new financial covenants are in place to be tested annually, starting from December 2022: leverage ratio (net financial position / EBITDA) and gearing ratio (net financial position / net equity).

Acquisition of FranceProNet SAS

On 1 February 2022 MotorK Group completed the acquisition of FranceProNet SAS (“FranceProNet”), a top-tier French digital agency specialising in web solutions for the automotive sector. FranceProNet is a trusted partner to dealers seeking to unlock the full potential of digitalisation, providing them with web design and a highly specialised SEO-first approach refined over nearly 20 years, while also integrating training, digital marketing and lead generation services.

The integration of such a company in MotorK Group will leverage the technological expertise and extensive local market knowledge to further reinforce the strategy of the Group.

28. Translation of foreign companies’ financial statements

The exchange rates used to translate non-Euro zone company’s financial statements are as follows:

	2021 Average exchange rate (*)	31 dec 2021 year-end exchange rate
Israeli Shekel	3.7682	3.5159

(*) starting from the incorporation date

The table above reports only the exchange rate applied in 2021 as MotorK Israel Ltd has been incorporated in 2021.

29. 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 56 to 67.

MotorK Plc Statement of Financial Position

€'000	Note	2021	2020
Property, plant and equipment		–	–
Investments	4	53,600	10,271
Non-current assets – security deposits		4	4
Non-current assets		**53,604**	**10,275**
Trade and other receivables	5	9,539	175
Cash and cash equivalents	6	24,575	71
Current assets		**34,114**	**246**
Total assets		**87,718**	**10,521**
Trade and other payables	7	9,761	9,783
Current liabilities		**9,761**	**9,783**
Provisions	7	1,040	
Non-current liabilities		**1,040**	**–**
Total liabilities		**10,801**	**9,783**
Share capital	8	403	273
Share premium reserve	8	74,151	12,166
Retained earnings	8	2,363	(11,701)
Total equity		**76,917**	**738**
Total liabilities and equity		**87,718**	**10,521**

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 loss after tax of the Parent Company for the year was €9.7 million (2020: loss of €2.8 million).

Marco Marlia
Chief Executive Officer
5 April 2022

MotorK Plc Statement of Changes in Equity

€'000	Share capital	Share premium	Retained earnings	Total attributable to equity holders of parent
1 January 2020	273	12,166	(9,081)	3,358
Comprehensive income for the period				
Loss for period	–	–	(2,754)	(2,754)
Total comprehensive income for the period	–	–	**(2,754)**	**(2,754)**
Contributions by and distributions to owners				
Share-based payment	–	–	134	134
Total contributions by and distributions to owners	–	–	**134**	**134**
31 December 2020	**273**	**12,166**	**(11,701)**	**738**
Comprehensive income for the period				
Loss for period	–	–	(9,739)	(9,739)
Total comprehensive income for the period	**–**	–	**(9,739)**	**(9,739)**
Contributions by and distributions to owners				
IPO issue of shares	115	74,635	–	74,750
Convertible equity notes issue of shares	12	4,638	–	4,650
Other issue of shares	3	1,397	–	1,400
Share-based payment	–	–	9,714	9,714
Earn out reserve	–	–	89	89
Reserve IPO costs	–	(4,685)	–	(4,685)
Capital reduction	–	(14,000)	14,000	**–**
Total contributions by and distributions to owners	**130**	**61,985**	**23,803**	**85,918**
31 December 2021	**403**	**74,151**	**2,363**	**76,917**

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 UK with registered office is Kemp House, 152 City Road, London, EC1V 2NX.

The Company and its subsidiaries (the “Group” or “MotorK Group”) is a leading software as a service (“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.

On 13 October 2021 for the purposes of re-registering as a public company in the light of the listing the Company has reduce its capital for an amount of €14 million.

On 5 November 2021 the Company, after the re-registering as a public company, listed 11,500,000 shares (approximately 28% of the issued share capital) on Euronext Amsterdam. As of 31 December 2021, the main shareholders of the Parent Company are Marco Marlia, original founder and CEO of the Group who hold approximately 13.6% of the share capital, and 83 North, who directly holds approximately 20% 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 EU endorsed IFRS;
- 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.

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 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 which 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 mainly receivables from customers, loans and other receivables.

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).

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 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.

b) Financial assets at fair value recognized through the consolidated income statement ("FVPL")

Financial assets that are not classified in any of the previous categories (i.e. residual category) are classified in this category. These are mainly derivative instruments. All derivative financial instruments are measured at fair value.

Derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which it is designated. If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately within financial expenses.

Assets belonging to this category are recorded at fair value upon initial recognition.

Ancillary costs incurred on recognition of the asset are immediately recognised in the consolidated income statement. On subsequent measurement, FVPL financial assets are measured at fair value.

Gains and losses arising from changes in fair value are recognised in the consolidated income statement in the period in which they are recognised under "Gains (losses) from assets measured at fair value".

Purchases and disposals of financial assets are accounted for at the settlement date.

Financial assets are derecognised when the related contractual rights expire, or when the Group transfers all the risks and benefits of ownership of the financial asset.

Cash and cash balances
Cash and cash equivalents include cash, bank current accounts, deposits repayable on request and other short-term and highly liquid financial investments that are readily convertible into cash, or convertible into cash within 90 days of the original acquisition date, and are subject to a low risk of changes in value.

Financial liabilities
Financial liabilities include financial payables, payables for leases and trade 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.

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.

Defined contribution schemes
Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the year to which they relate.

Dividends
Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

Deferred taxation
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;

- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

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.

3. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. 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. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Judgements
- Share based payments – Determining the fair value of share-based payments at the balance sheet date represents a significant accounting estimate. There is inherent judgement in the key inputs into the valuation, such as the valuation of the Company and the risk-free rate applied.

Estimates and assumptions
- Impairment of investments – Estimate of future cash flows and recoverability of investment.

4. Investments

€'000	2021	2020
Cost		
At 1 January	**10,271**	**11,474**
Additions	43,329	–
Disposals	–	(1,203)
	_______	_______
At 31 December	53,600	10,271
	_______	_______
Impairment provisions		
At 1 January	–	–
Movement in year	–	–
At 31 December	-	–
	_______	_______
Net book value	**53,600**	**10,271**

The investments held by MotorK Plc are the following:

- 100% of the share capital of MotorK Italia Srl, increased by €35 million during the fiscal year 2021 following the capital increase deliberated in December 2021. The capital increase is due to the Italian company reimbursing the most significant part of the financial liabilities in place to rebalance the financial structure of the Group, reducing borrowings costs and ensuring flexibility to the Company to purse its growth strategy.
- 100% of the share capital of Fidcar SAS and Liotey Sarl, innovative providers for automotive retail based in France, acquired by the Company in December 2021 for €1.4 million and €0.4 million, respectively;
- 100% of the share capital of PDA DAPDA, SL and DAPDA Media, SL, a Spanish leader in providing digital tools to automotive retailers., acquired by the Company in December 2021 for €5.6 million and €1 million, respectively.

5. Trade and other receivable

€'000	2021	2020
Trade debtors	–	24
Amounts owed from Group undertakings	9,022	–
Prepayments	444	151
Other receivables	73	–
Total trade and other receivables	**9,539**	**175**

Receivables towards Group companies is related only to the recharge of certain costs occurred by MotorK Plc during the year to MotorK Israel. For further details please refer to note 11 Related parties.

6. Cash and cash equivalent

The caption cash and cash equivalent amounting to €24.6 million (2020: €0.07 million) is related to cash available in bank accounts of MotorK Plc. The increase is related to the IPO proceeds net of cash used for M&A and capital increase in MotorK Italy.

7. Trade and other payables and provisions

Current	2021 €'000	2020 €'000
Other loans	–	4,650
Trade payables	199	152
Amounts owed to Group undertakings	9,037	4,962
Other taxation and social security	–	9
Other payables	21	–
Accruals	504	10
Total current liabilities	**9,761**	**9,783**

Non-current	2021 €'000	2020 €'000
Provisions	1,040	–
Other creditors	–	–
Total non-current liabilities	**1,040**	**–**

	2021 €'000	2020 €'000
Non-current other creditors are repayable as follows:		
1-2 years	–	4,650
2-5 years	1,040	–
	1,040	**4,650**

For details of the payables towards Group companies please refer to note 11.

The €4.65 million convertible loan as at 31 December 2020 was converted into equity during the 2021. The actual number of shares as a result of conversion to shares is 1,242,628.

Provisions amounts to €1 million (nil as at 31 December 2020) and includes the estimated provisional deferred consideration to be paid for the acquisition of Dapda.

8. Share capital

Share capital

€'000	2021			2020		
	Value (€'000)	Number	Value per share	Value (€-000)	Number	Value per share
Ordinary shares	403	40,328,959	0.01	174	17,352,000	0.01
Deferred shares	–	–	–	2	196,500	0.01
Preferred A-1 shares	–	–	–	28	2,779,100	0.01
Preferred A-2 shares	–	–	–	69	6,923,346	0.01
Total	**403**	**40,328,959**	**0.01**	**273**	**27,250,946**	**0.01**

During the financial year 2021 share capital changed due to the following items:

- conversion into ordinary shares of deferred shares, preferred A-1 shares and preferred A-2 shares before the IPO;
- conversion of the convertible equity notes into 1,242,628 shares in June and September 2021;
- issue of 120,000 shares before the IPO following the exercise of stock options by the Chairman of the Group;
- issue of 11,500,000 shares related to the IPO capital increase in November 2021;
- issue of 215,385 shares related to the acquisition of Fidcar in December 2021. Further details on the transaction are included in note 24 to the consolidated financial statements.

9. Share-based payments

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 2021, 2,126,641 (1,026,365 in 2020) options were granted to employees. These options all vest on a straight-line basis over four years, have an exercise price of €0.34, and have a life of 10 years. The earliest date on which the option may be exercised shall be immediately prior to the date on which an exit, consisting in a share sale, an asset sale or a listing, occurs.

	2021			2020		
	Weighted average exercise price (€ cents)	Number	of which exercised	Weighted average exercise price (€ cents)	Number	of which exercised
Outstanding at 1 January	**34**	**1,685,959**	**–**	**34**	**1,401,374**	**–**
Subdivision of shares						
Granted during the year	34	2,126,641	120,000	34	1,026,365	–
Lapsed during the year (*)	34	(611,017)	–	34	(741,780)	–
Outstanding at 31 December	**34**	**3,201,583**	**120,000**	**34**	**1,685,959**	**–**
of which						
vested		*2,339,706*			*1,002,699*	
unvested		*861,877*			*683,260*	

(*) The options lapsed when the beneficiary left the Company.

The exercise price of options outstanding at 31 December 2021 and 2020 was €0.34.

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:

	2021	2020
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date (€)	6.5	3.74
Exercise price (€)	0.337	0.337
Weighted average contractual life (years)	10	10
Volatility	32%	32%

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	2021	2020
Equity-settled scheme	9,714	134

10. Deferred tax

The Company has estimated trading losses totalling approximately €21 million (2020: €11.3 million). A deferred tax asset of approximately €1.8 million has not been recognised on the 2021 loss due to the uncertainty as to when the loss will be utilised.

11. 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 56 to 67.

Transactions with related parties are related to receivables and payables booked towards companies of the Group, namely:

	2021		2020	
€'000	Trade and other receivables	Trade and other payables	Trade and other receivables	Trade and other payables
MotorK Italia Srl	–	5,162	–	4,962
MotorK Israel Ltd	9,022	3,875	–	–
Total	**9,022**	**9,037**	**–**	**4,962**

Company Information

Directors	Amir Rosentuler (Chairman / Independent Director) 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	OHS Secretaries Limited
Registered Office	Kemp House 152 City Road London EC1V 2NX United Kingdom
Company number	09259000
Independent Auditors	BDO LLP 55 Baker Street London W1U 7EU
Solicitors	Orrick, Herrington & Sutcliffe (UK) LLP 107 Cheapside London EC2V 6DN United Kingdom
Company Website	www.motork.io

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