DRIVING TECHNOLOGY FORWARD

MOTORK

ANNUAL REPORT 2022

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

Marco Marlia, CEO

HIGHLIGHTS

Revenues
€38.5m
2021: €27.6m

Annual recurring revenues[1]
€26.9m
2021: €15.1m

Adjusted EBITDA[2]
€0.2m
2021: €0.8m

Net cash[3]
€19.2m
2021: €43.2m

Acquisitions completed in 2022
3
2021: 2

Customers[4]
3,200
2021: 2,000

PDF/PRINTED VERSION

This document is the PDF/printed version of MotorK's 2022 Annual Report and has been prepared for ease of use. The 2022 Annual Report in European Single Electronic Reporting format (the ESEF reporting package) is the official version. The ESEF reporting package is available on the Company's website. In case of any discrepancies between this PDF version and the ESEF reporting package, the latter prevails.

ABOUT THIS REPORT

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

FORWARD-LOOKING STATEMENTS

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

1 ARR is defined as the yearly contract subscription value of the customer base at the end of the reporting period. This is a non-GAAP measure considered relevant by management and it is considered a Group alternative performance measure (below the "APM"). Reconciliation with the accounts is provided at page 129 of this Annual Report.
2 This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Reconciliation with the accounts is provided at page 129 of this Annual Report.
3 It is equivalent to the caption cash and cash equivalents reported in the Consolidated Statement of Financial Position at page 78 of this Annual Report.
4 Including recently acquired companies.

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WE ARE MOTORK

TECH MINDSET, AUTOMOTIVE FOCUS

SIMPLIFYING THE DIGITAL LANDSCAPE

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

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

Integrations

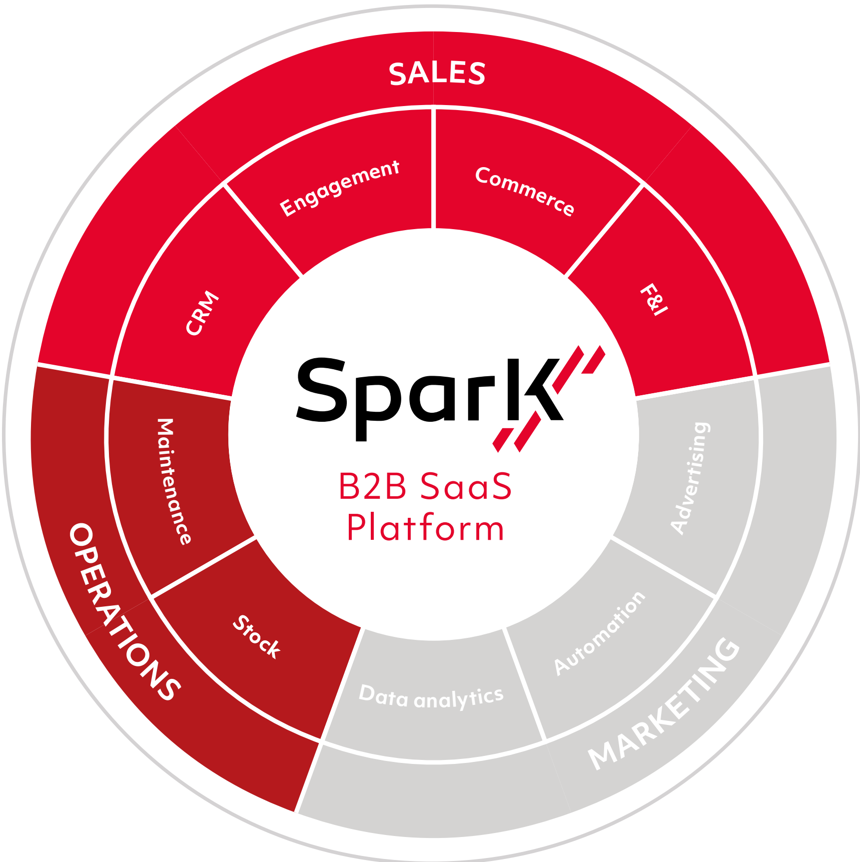
200+

automotive-specific features

Our platforms

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

SPARK PLATFORM



A TRUSTED PARTNER

Enterprise customers

20

2021: 18

Leads managed per year

+65m

with webmarketing suite

Innovation is at the heart of our DNA

Read more about our business model: **Page 16**

Retail customer base

3,200

incl. recently acquired companies

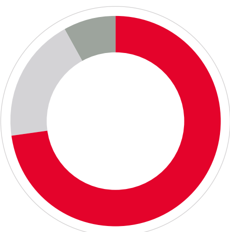
Vehicle publications managed daily

+859k

BROAD GEOGRAPHICAL FOOTPRINT

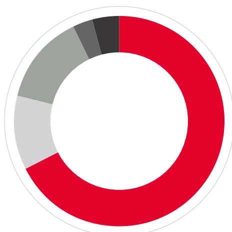
We operate through 11 offices in 8 countries, employing 453 people.

Revenue mix



- SaaS platform[1] 73% (2021: 59%)
- Digital marketing 19% (2021: 28%)
- Other revenues 8% (2021: 13%)

Revenue by geography



- Italy (67.5%)
- Spain (11.5%)
- France (14%)
- Germany (3%)
- Benelux (4%)

1 SaaS platform revenues include recurring revenue and contract start-up revenue as disclosed in the section Financial and Operating Review at page 31 of this Annual Report.

Everything we do is aligned to achieve our vision.

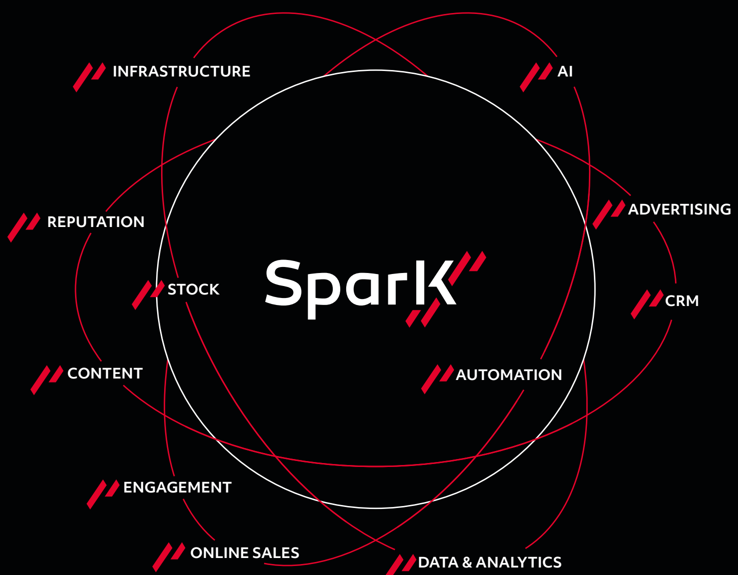
OUR APPROACH

	Our vision To be the most trusted technology partner for mobility distribution.	Read more on **Page 18**
Achieved by	**Our mission** We shape the future of mobility.	Read more on **Page 18**
Delivered by	**Our strategy** Delivering sustainable long-term growth. **Innovate** · **Land & Expand** · **Consolidate**	Read more on **Page 20** Read more on **Page 21**
Enabled by	**Our business model** Leveraging our sources of competitive advantage to create value for stakeholders.	Read more on **Page 16**
Guided by	**Our values** Providing guidance and inspiration for both employees and customers. **Customer obsessed** Our customers are at the centre of what we do. **Forward thinking** We dare to be different, always thinking of the next big thing. **Results driven** We never stand still, we get things done. **Always ambitious** There is a spark in each of us. **Empowering inclusion** We are guided by integrity and fairness, we pursue work-life balance.	Read more on **Page 19**

OUR VISION IN ACTION

The launch of the SparK platform in 2022 was a milestone in our journey to fulfilling our vision.

SparK is our modular platform comprising an innovative suite of solutions enabling the integrated management of the entire customer journey.



OUR PRODUCTS

AdSparK
Advertising
Intuitive marketing tool to run automated and high conversion campaigns

PredictSparK
AI Marketing
Predictive marketing instruments to create customised campaigns for clusters of users

FidSparK
Engagement
Solution for managing review activities and driving online reputation

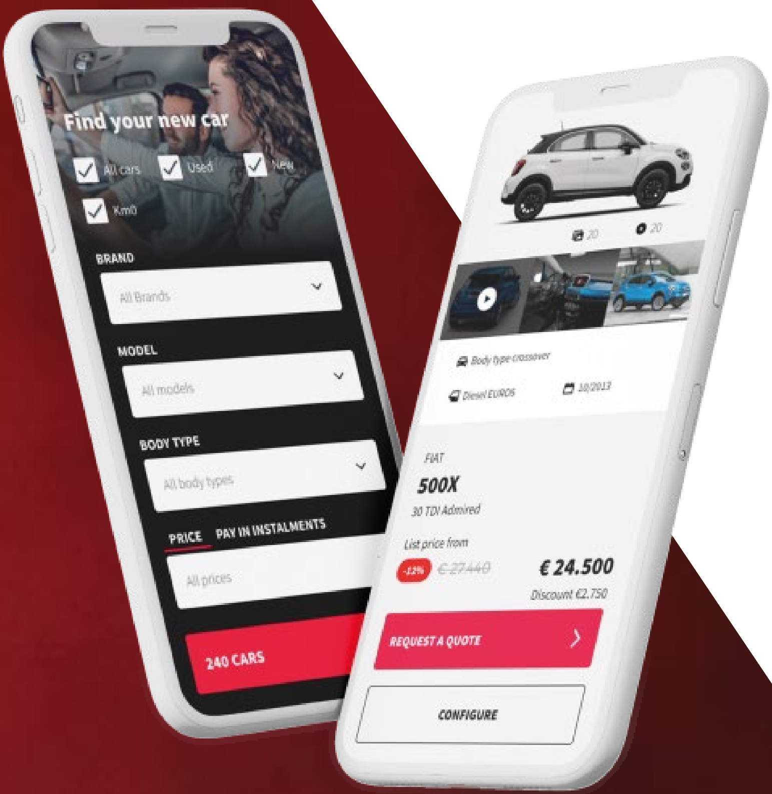
LeadSparK
Advanced CRM
Top-notch auto CRM to centralise operations and turn leads into deals

LiveSparK
E-Reputation
A unified customer service platform for more connected conversations

WebSparK
Digital Showroom
Ready-to-use automotive website that enables dealers to maximise traffic acquisition

OUR INVESTMENT CASE

MotorK is well positioned to support the key players in the automotive industry in terms of scale, product suite and regional exposure.



DIFFERENTIATED SOLUTIONS

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

R&D investments of revenues

37%

2021: 28%

API integrations

200+

Find out more:
Pages 22-23

SOLID FINANCIAL PERFORMANCE

- Strong growth, both organic and via acquisition
- Recurring revenues from SaaS model
- Profitable, with strong margin potential
- Exceptional unit economics driving organic growth
- Track record of successfully integrating acquisitions

Annual recurring revenue[1]

€26.9m

+78% from 2021

Adjusted EBITDA[5]

€0.2m

FAVOURABLE MARKET DYNAMICS

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

Addressable market

€1.4bn

in EU4[2] + UK

Market share

3%

CLEAR STRATEGY FOR GROWTH

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

Average contract value[3]

€17.8k

2021: €15.1m

Net revenue retention[4]

122.4%

2021: 99.8%

Acquisitions

8

since 2016

Find out more: **Page 70-130**

Find out more: **Pages 14-15**

Find out more: **Pages 18-21**

1 ARR is defined as the yearly contract subscription value of the customer base at the end of the reporting period. This is a non-GAAP measure considered relevant by management.
2 EU4: France, Germany, Italy and Spain.
3 ACV is defined as the annual average recurring revenue at the end of each period divided by the number of organic customers. This is a non-GAAP measure considered relevant by management.
4 NRR is defined as the percentage of the recurring revenue retained from existing customers between January and December, including upsell, cross-sell down sell and churn. This is a non-GAAP measure considered relevant by management.
5 Disclosure of the calculation is provided in the paragraph 10 of the Notes Forming Part of the Consolidated Financial Statements at page 98 and 99 of this Annual Report.

STRATEGIC REPORT

MotorK offers a unique combination of automotive SaaS products and digital solutions for dealers to master their digital lead generation, management and nurturing process.

CHAIRMAN'S STATEMENT

"Once again we have demonstrated the resilience of the MotorK business, delivering another strong year by staying true to our growth strategy."

Annual recurring revenue[2]

€26.9m

2021: €15.1m

Organic ARR growth

+40%

A SATISFYING YEAR OF CONTINUED GROWTH

2022 was an important and successful year for the Company, marking our first full financial period as a listed business on the EuroNext Amsterdam Stock Exchange. This has enhanced our standing with our stakeholders and provided a platform for the growth plan we set out at the time of our initial public offering (IPO). As the mobility sector has faced macroeconomic uncertainty caused by the conflict in Europe and the lingering effects of pandemic-related supply-chain issues, we have remained focused on deploying our capital into driving organic and acquisitive growth, including investment in innovation to drive our technological leadership.

This approach enabled us to deliver another strong year of progress across our key business metrics. I am particularly pleased that annual recurring revenue (ARR), our most important key performance indicator (KPI), grew by 40% organically (or by 78% including acquisitions) to €26.9 million from €15.1 million in 2021 as the momentum generated throughout the year culminated in a record Q4 22 performance. Average annual contract value (ACV), an indicator of the growth in multi- and new-product adoption by our customers, also grew strongly during the period by 20% to €17.8k. As well as increasing customer spend we have also experienced reduced customer churn and higher net revenue retention. You can find more detailed financial information on Page 70-130.

INDUSTRY DEVELOPMENTS

The market in which we operate is fast-paced and dynamic, with digitisation seen as a prime factor in enabling mobility dealerships and enterprises to track consumers who switch seamlessly between online and physical touch points as they move along the path to purchase their next vehicle. Those who do not embrace the changes through investment in technology will miss opportunities to engage with their customers.

On Page 14-16 we discuss changing consumer behaviours and how we help our customers stay in step with them, creating revenue opportunities and supporting consumer decision-making processes. This continues after the sale has taken place, cementing the relationship between the two parties and providing a foundation for future purchases.

Our integrated, multifunctional and highly flexible technology platform SparK now offers our customers a future-proofed and cost-effective way to adapt to these changes in the market. We can connect customers with consumers across a variety of touch-points (including websites, mobile sites and social media platforms) to deliver a broad range of services via a modular SaaS subscription. You can find more details on these services in the market section of this Annual Report, but we believe we now offer the most comprehensive suite of digital solutions in our market.

CORPORATE DEVELOPMENT

In tandem with driving the financial performance of the Group, we have also reshaped our business through merge and acquisitions (M&A). During the year, we acquired three businesses that took our Company into new geographic areas and provided new platforms for growth, in line with our aim to complete two to three acquisitions a year. The acquisition of FranceProNet[1], a digital agency for the automotive retail industry, strengthened our position in France. The Carflow deal allows us to grow our presence with over 400 dealership and enterprise SaaS customers in Belgium, the Netherlands and Luxembourg. The acquisition of WebMobil24, a seller of stock management and e-commerce platforms to German mobility dealerships, enables us to consolidate our footprint in a key European market and provides a rich base of prospective customers for our one-stop-shop SparK platform.

During the year, we disposed of our non-core business to consumer (B2C) unit, DriveK, in line with the guidance we gave at the time of the IPO. We are now a pure B2B SaaS business.

STRATEGIC FRAMEWORK

Our vision at MotorK is to be the most trusted technology partner for mobility

1 Acquisition of FranceProNet closed in February 2022 and was previously communicated in MotorK's 2021 Annual Report.
2 ARR is defined as the yearly contract subscription value of the customer base at the end of the reporting period. This is a non-GAAP measure considered relevant by management.

distribution. As we have grown and evolved as a business we have taken the opportunity to refine our strategic framework to this vision as we consolidate our position in the market. As set out on Page 20-21, our streamlined strategy is focused on three core elements:

- **Innovate** – we have a deep understanding of our industry and act as game-changers. But we do not simply embrace change, we shape it.
- **Land & Expand** – the continual innovation of our platform allows us to bring greater benefits to our customers. By doing more with them, we can add greater value to their activities, strengthening our bond with them.
- **Consolidate** – our first two elements drive our organic growth, but we also aim to accelerate our business through disciplined M&A. As well as opening up new markets, we can bring new technological capability and customers into the Group.

This approach has been implemented during the year and its effectiveness is reflected in our financial results. As our industry continues to evolve, we believe that our strategy will deepen our relationships with our customers and drive further growth.

OUR PEOPLE

Our people are the lifeblood of our Company – their energy drives our innovation, growth and culture as a business. We have continued to invest in this talent, welcoming 151 new colleagues into the MotorK family, which now comprises 453 SparKers in 11 locations across Europe. My thanks go out to everyone for their contributions to our success over the last year.

It is critical that we align our interests with those of our stakeholders in a transparent fashion. So, in parallel with the streamlining of our strategy highlighted above, we have also worked hard to ensure we are all united behind a set of common values that embody our identity as a business. These values frame how we conduct ourselves with customers and with each other, and clearly set out our qualities as a Company.

In addition to supporting the culture of the Company, these values are important in attracting the best talent to MotorK. We continue to look for opportunities to bring in fresh talent at all levels, as our business continues to evolve and look forward to welcoming new members into the MotorK family in the year ahead and beyond.

IN CONCLUSION

I am extremely proud of what the MotorK family has achieved in such a short period and against headwinds that have intensified during the period. By sticking with our growth strategy and investing in our people, technology and businesses we delivered strong, resilient growth once again. Industry demand for technology and digitisation is accelerating and MotorK is well positioned to capture the opportunities this will create.

As ever, my final words are reserved for our shareholders. On behalf of the Board of Directors and the MotorK senior executive team, I would like to thank you for supporting us throughout the year. As you will see in the following pages, we are at the centre of shaping our industry, our business is in great shape and our strategy is clear.

Amir Rosentuler
Chairman

Q&A WITH MARCO MARLIA

"In 2022, we demonstrated again the resilience of the MotorK business: in 2022, we grew our business by 40% organically but also completed three strategic acquisitions and introduced the heart of our future business, the SparK platform."

Q: For a start Marco, could you please reflect on 2022?

A: 2022 was for me characterised by the resilience of the MotorK business, delivering another strong year by staying true to our growth strategy despite a macro-economically challenging environment. In 2022, we not only grew our business by 40% organically but also completed three strategic acquisitions and introduced the heart of our future business: the SparK platform. We reported a record growth of our annual recurring revenues, totalling €26.9 million, compared with €15.1 million in the prior year, reflecting a growth of 78%. Furthermore, we have visibility of additional committed ARR of €5.2 million, including backlogs, contractual price increases, and enterprise deals providing solid foundations for the coming year. We were further able to expand our loyal client base to over 3,200 customers. Our clients spent on average annually[1] €17.8 thousand a year on MotorK products, which translates to an increase of 20% year-on-year. Customer churn was 4.5% driving a robust net revenue retention ratio of 122.4% over the course of the year, exceeding pre-pandemic levels. We as SparKers can be very proud of such record results.

2022 was further a year of investments: we continued to focus on innovation. During this period, we launched our new state-of-the-art software platform, SparK, following several new product launches, positioning MotorK as the one-stop shop vendor for the automotive retail industry. We reinvested 37% of our revenues in R&D and grew the team to 121. But we did not just grow in R&D, we expanded our overall team to 453 SparKers compared with 273 in 2021.

Q: M&A is an important component of MotorK's growth story, so what are the drivers for activities in 2023? Are there any geographies that you need to add to your presence?

A: We continue to invest in M&A targets across Europe. Our disciplined approach identifies targets across multiple territories that would benefit from becoming part of a larger group. We evaluate the fit of such potential targets based on three main characteristics: the potential for us to add market share, expansion of our customer base for cross-sell opportunities of our existing products, and innovative product offerings which complement our existing product offerings. With the acquisitions of Carflow and WebMobil24 we entered new geographies or reinforced our presence in already existing markets. With the acquisition of FranceProNet we have added a rich portfolio of clients to the MotorK customer base which we will now migrate to MotorK's platform. For 2023, we will continue to focus on identifying such targets and enhancing MotorK's presence as a powerhouse for the automotive retail industry.

Q: Why was it important to refresh the Company's mission and values during the year?

A: The automotive retail industry has consistently been affected by change in recent times, with trends such as mobility, electrification, and the introduction of an alternative sales model: the agent model, meaning direct sales of OEMs to consumers, causing drastic changes to the overall landscape. It would not feel natural for us to not reinvent ourselves as partners of dealers and OEMs along their journey towards mobility providers. We praise ourselves to be committed to continuous innovation through R&D and product development, we are on a mission to shape the future of mobility and be the most trusted technology partner for the mobility distribution industry.

We have introduced in that course the MotorK pillars: technology, mobility, and people. Technology stands for us being a natively digital company: innovation is deeply rooted in our DNA. Mobility: we speak the language of mobility. We understand the industry and its challenges and lastly, people, as we design technology to create value for mobility players and customers.

Q: What do you mean by mobility and what does it mean for MotorK?

A: Mobility for MotorK means how people and goods will move in the future in an increasingly interconnected and technologically advanced world. Some several key trends and developments are shaping the future of mobility, including:

- Electric and autonomous vehicles: The widespread adoption of electric and autonomous vehicles is expected to revolutionise the way people and goods move around. Electric vehicles are becoming more affordable and have lower operating costs than traditional gas-powered vehicles.
- Shared mobility: The sharing economy is already changing the way people use transportation and the role of our customers – dealerships and OEMs in this context.
- Mobility as a service: Mobility as a service (MaaS) is a concept that refers to the integration of various transportation modes into a single, seamless service. This could include everything from public transit to ride-sharing services to bike rentals, all accessed through a single app or platform.

Overall, the future of mobility is likely to be characterised by greater efficiency, sustainability and connectivity. As new technologies continue, new forms of transportation are likely to emerge, as MotorK we are excited to provide these technologies and services to our clients and reshape the business model of dealerships.

Q: To wrap it up: what can we be expecting from 2023?

A: 2023 has started for MotorK with the Automotive I/O – bridging minds: Europe's largest event dedicated to taking a look into the future mobility ecosystem and beyond. Business and industry experts as well as inspiring speakers met on a stage to discuss the mobility revolution, digital innovation, technology, consumer trends, and much more.

Product wise we continue to expand our SparK platform with exciting add-ons, both features and new tools, to give our customers a competitive edge. Lastly, for MotorK as an organisation I believe MotorK has now reached an appropriate size to seize the vast and growing market opportunities. No additional major investments are required to pursue sustainable growth at scale and sustain operational leverage. We, therefore, continue to focus on our communicated strategy (see more on Page 20-21) and MotorK's path towards long-term profitability.

1 ACV is defined as the annual average recurring revenue at the end of each period divided by the number of organic customers.

OUR MARKET OVERVIEW

Market uncertainty, new business models and challenges along the digital transformation journey: automotive retail is at a turning point.

TRENDS FOR 2023 AND BEYOND

The automotive sector has seen a significant drop in sales of new vehicles, and growth in the price of used cars. In 2022, 4.6% less cars were sold compared with the previous year[1]. Inventory issues following the production shock on account of the ongoing shortage of chips and raw materials are likely to continue to influence market dynamics medium-term. Manufacturers are still suffering from constrained supply of components, and this is reflected in the availability of finished products at the dealership.

A key theme for the sector is the evolution of the go-to market, influenced by interrelated elements including the introduction of the agent model by some OEMs seeking centralised management of their distribution, and the development of e-commerce fuelled by digital "pure players" in the used car segment, some of whom have been experiencing financial difficulties. In the next few months, we may begin to see whether it will be pure-play digital firms or traditional players who are more likely to shape the sales and distribution models of the global automotive sector.

€1.4bn
addressable market in EU4[2] + UK

FROM DEALERS TO AGENTS: THE FUTURE OF AUTOMOTIVE RETAIL

The role of dealers will be much discussed as pilot projects for the agency model – a sales model where OEMs will sell cars directly to end-consumers and dealers act solely as agents – are launched in several European countries. Promoted by several OEMs, this new distribution model could transform the system, leading to an increase of sales controlled directly by the manufacturers.

Factors that have driven this include a desire to reduce costs through optimisation of distribution, and to form a direct relationship between manufacturer and end users aimed at increasing loyalty as well as providing an opportunity to cross-sell additional products.

THE LIMITS OF E-COMMERCE AND A NEW CUSTOMER JOURNEY

A significant increase in e-commerce by car manufacturers may be hindered by two primary reasons: on the demand side, it is unlikely that the average consumer will feel confident to proceed independently in buying a car entirely online, particularly if there isn't an economic incentive to do so; on the supply side, purely digital channels do not yet effectively integrate tools to promote ancillary items such as warranties and other value-added services, areas with some of the most significant profit margins for dealers and car manufacturers.

In the short to medium term, with many dealers embracing digital solutions it is likely that an assisted omnichannel approach will prevail rather than self-service e-commerce.

INDUSTRY STRUCTURE

Another important theme is the structure of the car manufacturing industry. For many years, the industry consolidated as large groups acquired brands. Electrification has prompted new players to enter the market, including startups, providing greater choice of car brands but at the same time less differentiation in individual models. This may affect consumer loyalty, the buying process and the ability to attract new customers.

Competitive dynamics at dealership level have also been changing. The limited availability of new cars led to dealers starting to shift their focus to used cars and, in some cases, to promote their own product lines, alongside but independent from the official brand offer. This is both a reaction to global economic uncertainty and a reflection of the evolution of the whole ecosystem. Brand loyalty is increasingly at risk, although after-sale programmes and financing tools provide additional touch points with customers and the opportunity to develop long-term relationships with them.

In a sector undergoing significant change, digital tools are mission-critical in automotive distribution.

"Electrification has prompted new players to enter the market, including startups, providing greater choice of car brands but at the same time less differentiation in individual models."

MotorK's market share

3%

Online buying experience

72%

of consumers expect to be able to purchase next vehicle online[3]

1 https://www.acea.auto/pc-registrations/passenger-car-registrations-4-6-in-2022-12-8-in-december/
2 EU4 = France, Germany, Italy and Spain.
3 Capgemini Invent: Automotive Agency Sales Model, 2020 (arithmetic average of ES, FR, UK, DE).

A GROWING BASE OF RECURRING REVENUES

"MotorK operates an SaaS model, hosting Spark mobility technology platform on the cloud and allowing customers to access our software via the internet."

Recurring revenue as a % of total revenue[1]

70%

2021: 54%

Net revenue retention[2]

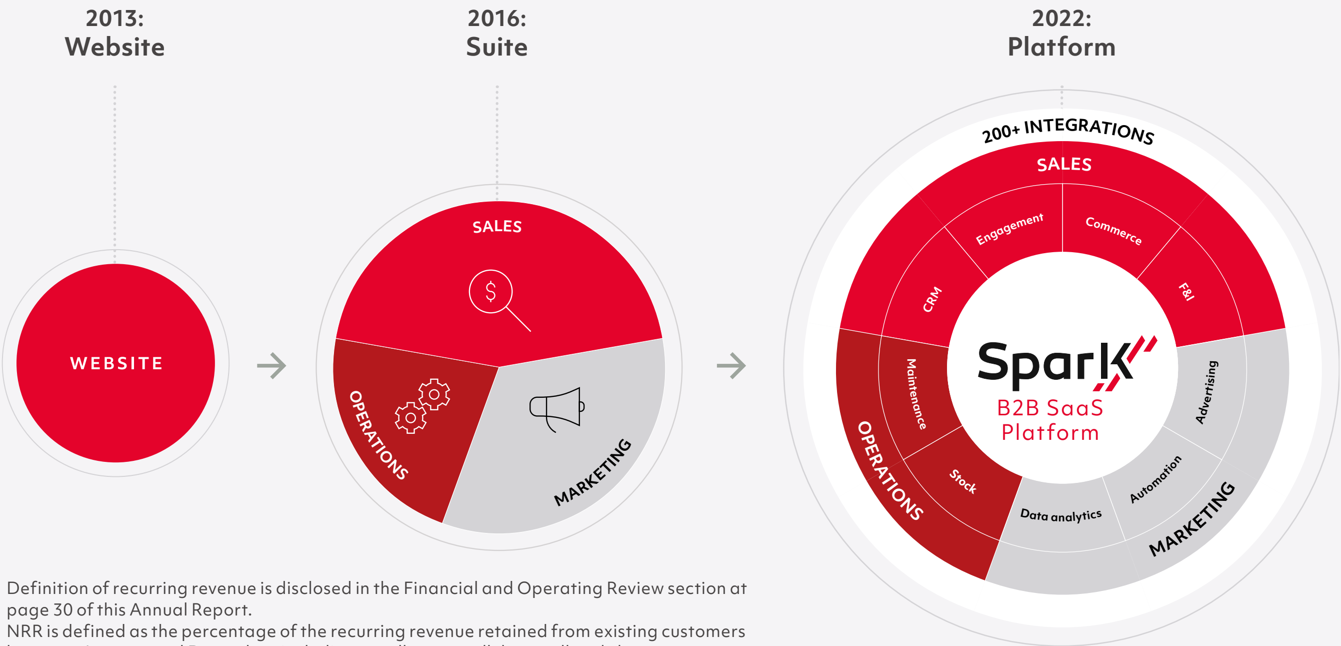
122.4%

2021: 99.8%

Organic ARR growth

40%

INNOVATION AS A GROWTH DRIVER



1 Definition of recurring revenue is disclosed in the Financial and Operating Review section at page 30 of this Annual Report.
2 NRR is defined as the percentage of the recurring revenue retained from existing customers between January and December, including upsell, cross-sell down sell and churn.

MotorK operates an SaaS model, hosting our SparK mobility technology platform on the cloud and allowing customers to access our software via the internet. By simplifying and streamlining access to our innovative software applications on this flexible platform, we help our mobility OEM and dealership customers to digitise their marketing, sales and other activities at a faster pace. We enable them to operate more efficiently and to adapt more rapidly to changes in consumer behaviour in an increasingly omnichannel market.

The modular SparK platform supports the entire customer path to purchase the full vehicle ownership lifecycle. Currently, SparK offers around 200 automotive-specific features, providing a clear competitive advantage over less well-developed peers. In addition to offering high levels of functionality, the platform is also scalable, providing, a solution for single showroom dealers up to supporting the sales and marketing functions of a regional network of franchise dealerships for an automotive OEM across EMEA.

The MotorK SaaS model offers clear benefits to customers. We invest in developing the platform's capabilities, attracting the best developers across the industry and bringing them into the MotorK family. Last year alone, we spent €14.3 million (or 37% of Group revenue) on R&D and we remain committed to high levels of investment. OEM and dealership customers are now freed from the cost of installing, maintaining and upgrading software as well as the complexities of software security and hardware management. Instead, they can specify the applications and functionality they need through the SparK platform and even integrate most other third-party automotive software packages into it through SparK's open APIs.

MotorK's SaaS platform products are typically offered to dealerships under subscription agreements with terms of between 12 and 36 months (with certain agreements longer in duration). These subscription agreements generate recurring revenues recognised at the point of delivery of the platforms and produce 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. Average annual contract values for this customer group were €17.8k in FY22 (FY21: €14.9k), with relatively short sales cycles of around one to two months.

OEM customers sign much larger SaaS contracts, with contract values starting at €100,000 and potentially rising to several million Euros. Due to the scale and complexity of these deals typical sales cycles are 9 to 12 months and both new and renewed contracts are typically signed on a two-year basis. Most costs are incurred at the start of the contract (e.g. installation, sales, etc.) and do not repeat when a contract is renewed.

OUR VISION-LED APPROACH

We are on a mission to shape the future of mobility and be the most trusted technology partner for the mobility distribution.

Since the Company was established in 2010, the automotive industry has been radically transformed by the digital revolution, particularly over the last few years. A traditional business model that had worked well for a long time now no longer meets the needs of customers, creating an experience gap between supply and demand. With our technology, we are playing a leading role in the digital disruption of automotive distribution.

The evolution of our industry has created new opportunities for the Company as our technology-enabled value proposition has strengthened. In order to keep us at the forefront of this dynamic market we have aligned our business to achieve our vision – **to be the most trusted technology partner for mobility distribution.**

Geo footprint
8
countries

The foundation of what we do is built on three pillars:

Technology **As a natively digital company, innovation is deeply rooted in our DNA.**	Leveraging our extensive R&D expertise, we are able to provide our clients with state-of-the-art digital solutions to support their business, integrated into a one-stop-shop platform. Uniquely in our industry, we also combine our proprietary technology with the most reliable third-party solutions, thus positioned as a fully-fledged tech partner for automotive (and mobility) players.
Mobility **We speak the language of mobility: we understand the industry and its challenges.**	Our colleagues have a deep knowledge of the automotive industry. From senior managers to operational roles, we work with a common goal in mind: to embrace the challenges within the industry and identify future-proof solutions to change the mobility world for the better.
People **We design technology to create value for mobility players and customers.**	Our colleagues, known as "SparKers", have a strong desire and commitment to make a positive impact with what we do and to create value. Working together, we truly believe we can shape the future of mobility, putting our technology at the service of our partners and their end customers.

These are the fundamental building blocks of the Company, defining what we do and the markets in which we operate. As we have set about bringing these together, we have established clear values that guide and inform how we behave as a company. They tell our people what we stand for as a business and give confidence to our customers that we set ourselves the highest standards of business conduct and professional behaviour.

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

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

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

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

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

Framed by our core values, our SaaS business model determines how we create value for our stakeholder groups (further details on Page 29). By leveraging our skills, experience and industry knowledge, we focus on driving revenues through the sale of subscriptions to dealerships and enterprises operating in the mobility space.

OUR THREE STRATEGIC ELEMENTS

Innovate

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

Revenue allocated to R&D
37%
2021: 28%

Number of staff in R&D
121

We pride ourselves on being a forward-thinking company with innovation in our DNA, so it is our responsibility to understand the requirements and the possible ramifications of the industry and act as game-changers. We are not satisfied with simply making sense of and reacting to the current scenario – we want to shape the future of mobility.

MotorK has become an established leader in technology for the mobility market. This position has been built on our focus on innovation. In 2022, we introduced SparK, our highly versatile platform with functionality that allows our customers to digitise their activities in a cost-effective manner. Our platform enables us to deliver greater benefits to our customers, allowing them to attract more consumers, engage prospects across multiple digital channels, convert interest into sales and to grow their business. By doing more with our customers we generate greater value for them and strengthen our relationships as a result.

Further information on how we intend to extend our leadership through additional SparK modules can be found on Page 22-23.

Land & Expand

- **Unlock value from our base**
- **Increase multi-product adoption with SparK**
- **Strengthen focus: enterprise customers**

Average contract value[1]
€17.8k
2021: €14.8k

Net revenue retention[2]
122.4%
2021: 99.8%

Churn
4.5%
2021: 6.6%

Our expertise in understanding the needs of our customers and our innovation of the technical tools and solutions they need to succeed are the foundations of our strong relationships across the mobility market. We offer dealerships and OEMs a simple way to engage with our software via the SaaS model, via a single module if they wish. Relationships with customers start with the purchase of the core offering of a module, which provides for a limited number of users. As they become more confident in deploying the platform in their business we are able to add value to their packages by offering more functionality to suit their needs.

As a result of this effective go-to-market strategy approach, we have continued to grow the ratio between ARR and number of customers, growing our average contract value by 20% to €17.8k[1]. This translates into net revenue retention, meaning revenues generated from existing customers grew to 122.4%, while we stabilised our churn rate at 4.5%.

1 ACV is defined as the annual average recurring revenue at the end of each period divided by the number of organic customers.
2 Defined as the percentage of the recurring revenue retained from existing customers between January and December, including upsell, cross-sell down sell and churn.

Consolidate

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

We complement our strong organic growth with strategic acquisitions across Europe. Our disciplined approach identifies undervalued targets across multiple territories that would benefit from becoming part of a larger group. Our pipeline of prospects remains strong and we anticipate two to three transactions in the current financial year.

Consistent with the successful approach we have employed since 2010, we remain focused on identifying target companies that:

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

During the year, we completed three acquisitions, bringing the total number of M&A transactions since 2010 to eight.

- **FranceProNet:** a French digital agency specialising in web solutions for the automotive sector, providing dealerships with web design and specialised SEO tools.
- **Carflow:** an automotive retail SaaS solutions provider working with more than 400 car dealer and manufacturer customers, offering a suite of digital solutions focused on three areas: 1) automated online sales and conversion processes; 2) lead generation and follow-up; and 3) omnichannel digital showroom capability. The acquisition gives MotorK a presence in Belgium, the Netherlands and Luxembourg for the first time.
- **WebMobil24:** a German software provider of stock management solutions and e-commerce platforms to automotive dealers and OEMs. WebMobil24's large customer base represents an exciting opportunity to sell the SparK platform and provide customers with an enriched one-stop-shop software solution. The acquisition enhances MotorK's presence in the key DACH mobility markets and creates a platform for further organic and acquisitive growth.

In line with MotorK's ongoing focus on the B2B SaaS business, we disposed of the non-core B2C business unit DriveK to GEDI Gruppo Editoriale and its wholly owned subsidiary AutoXY during the year. This was highlighted as part of our strategy at the time of the IPO and we are pleased to have completed the transaction before the end of the 2022 financial year. The combination of DriveK and AutoXY creates the largest European online new car marketplace for consumers in Italy, France, Spain and Germany. In addition to receiving cash as part of the consideration for DriveK, MotorK also retains a minority 20% stake in the new combined business.

Acquisitions since 2016

8

Completed transactions in 2022

3

OUR PLATFORM

SparK's holistic offering provides tools to dealers and enterprises to master current market challenges and remain competitive.

The automotive industry is undergoing extensive change: it's not only the evolution of the auto offering, with electrification being the most significant automotive trend for 2022. While electric cars aren't new, their popularity has grown in recent years.

The evolution is even more prominent in consumer demands, with new expectations and behaviours altering how OEMs and auto dealerships sell and interact with consumers.

With digital transformation being embraced by consumers and auto dealerships, an omnichannel landscape has developed. Consumers demand a comfortable online pre-buying experience when searching for their next car, and the industry has already moved to meet these demands. More and more dealerships are seeking new and inventive ways to engage with consumers online and compete with the wider buying options consumers have today.

Mainstream adoption of complete online vehicle purchasing is approaching a tipping point. Nearly half (46%) of car dealers surveyed[1] reported that at least 9% of recent vehicle sales took place entirely over the internet. Looking to 2030, dealers expect online sales to trend upward significantly; 64% of dealers said they believe completely online sales will comprise between 20% to 40% of all sales.

The majority of auto dealerships believe that the shift to more online sales will have a positive effect on dealer profitability, and that maintaining the right balance between online presence and on premise sales will prove critical to offer the best automotive retail omnichannel experience. This trend combined with the features consumers are demanding leads to growing complexity.

The automotive digital buying experience starts with the ability to attract prospects using a variety of marketing initiatives and tools, whether the customer is only at the very early stages of their intention to purchase or is comparing a company's offering with its competitors'. At this stage, the end goal is to attract the customer by increasing awareness and simplifying access to the dealership's website.

Once a prospect has reached the dealership's website, it is key to provide a seamless browsing experience and highly engaging tools to minimise abandon rates and maximise interaction at each touch point of the browsing experience. Equally creating customised content and email sequences for each prospective buyer is critical to improve open rate and engagement.

Once the prospect has been engaged, the dealership must be able to offer a seamless e-commerce experience, as well as a timely and personal communication to prevent leads from going cold and being attracted by competitors, from the first contact and follow-up to interaction during the negotiation. Once the customer has purchased, the dealership must make sure customers are retained and even become the dealership's ambassadors.

Dealerships want to be able to deal with a single provider for the whole lead management process and beyond, to have a "one stop shop" and advisor that is 100% specialised in the automotive retail industry and offers integrated solutions.

Web
- Digital showroom
- Automotive-specific content

Lead/CRM
- Advanced lead acquisition and management

Stock
- Advanced stock management
  360-degree photo app

Live assistance
- Live chat and chat bots
- Co-browsing

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

AI
- Predictive marketing
- Smart data

Reserve and pay
- Vehicle reservation and online checkout

This is the rationale for developing the SparK platform. With its holistic offering, SparK provides the tools to dealerships to master current market challenges and to remain competitive. SparK 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.

SparK is an SaaS integrated modular offering with a variety of products such as user-friendly and easy to maintain web solutions designed for the automotive industry that offer optimal SEO performance and enhanced browsing speed, together with improved web visitor engagement and interaction leading to increased inbound organic traffic, improved browsing experience and higher lead generation.

Modules include a powerful knowledge base for enriched and insightful automotive stock data to instantly publish vehicles on multiple portals with the best media and data enabling dealers to sell more vehicles sooner and leading to improved stock turnaround.

The platform also provides a simple way to instantly collect customer feedback and improve e-reputation by automatically requesting and addressing customer reviews in order to generate more positive reviews and improve Google rating to both attract new customers and retain existing customers.

Automotive retailers can also enjoy an intuitive unified CRM tool designed to manage relationships with customers and optimise the sales process by automating lead distribution and follow-up activities and generating ongoing marketing campaigns with no manual intervention by building automated workflows to boost lead generation, nurturing and conversion, as well as employee productivity.

Finally, dealerships can implement targeted marketing campaigns to existing customers by forecasting their future servicing needs with the power of AI, leading to after-sales service and maintenance lead generation and incremental revenue.

SparK is the easy way for automotive retailers to offer their customers an end-to-end seamless digital buying experience.

Over
200
integrations

1 Source: PwC 2022 Car Consumer and Dealer https://www.pwc.com/us/en/industries/industrial-products/library/automotive-consumer-and-dealer-trends.html

RESPONSIBLE BUSINESS

"In our second year of reporting on ESG, we look at what we have achieved and redefine future priorities, so we can strive to enhance our positive impact."

Marco Marlia,
CEO and Co-Founder

At MotorK, we have always operated to the highest standards of integrity and ethical conduct. As we work towards achieving our vision of being the most trusted technology partner for mobility distribution, we strive to be a supportive employer, a good corporate citizen and to make a positive contribution to our local communities. We recognise the importance of sustainability in our business and the positive impact we can make. Although we remain at a relatively early stage in our ESG journey, we have taken steps to formalise our commitment and approach to sustainability.

We report our approach against five pillars, outlined below.

Colleagues
- Engagement
- Equity, diversity and inclusion
- Training and development
- Health, safety and wellbeing

Customers
- Solutions to help customers improve sales and work more efficiently

Communities
- Fundraising and volunteering

Planet
- Carbon emissions
- Waste
- Recycling
- Offsetting
- Business travel

Governance
- Behaving ethically and responsibly
- M&A

As greater stakeholder attention falls on operating responsibly, we are working to bring to the fore the values, behaviours and characteristics of our business that already make MotorK a great place to work, a business that cares for our colleagues, our communities and the environment, and that also recognises there is more to be done.

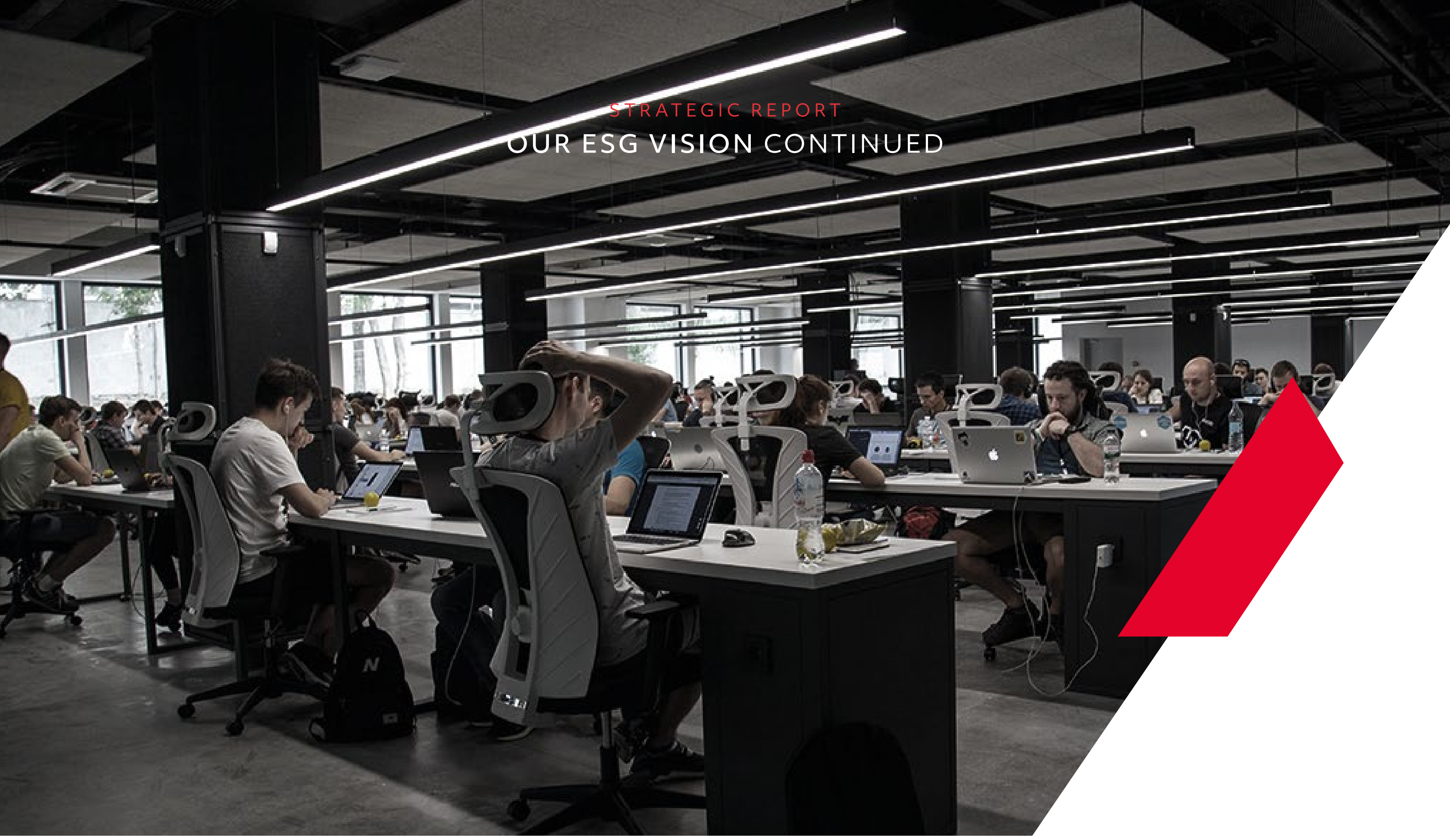
ENGAGING WITH OUR STAKEHOLDERS

Our culture encourages engagement, which is reflected in strong participation in our six-monthly employee surveys, and we do our best to listen closely and respond meaningfully to feedback. We also work closely with external stakeholders, including investors, customers and suppliers.

CONTRIBUTING TO THE UNITED NATIONS (UN) SUSTAINABLE DEVELOPMENT GOALS

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

Relevant UN SDGs and targets	How we contribute
Goal 3: **Good Health & Wellbeing –** Ensure healthy lives and promote wellbeing for all at all ages	We work to promote the wellbeing of all our colleagues, by providing support when needed as well as offering wellbeing activities such as yoga classes, which we are planning to reinstate after a pause during the Covid pandemic.
Goal 4: **Quality education –** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all **Relevant targets: 4.3, 4.4, 4.5, 4.7**	Our investment in training and development supports all our colleagues, ensuring their skills remain relevant to the evolving needs of MotorK and to wider society. Growth of our business also promotes job creation, both for people at the beginning of their careers and for experienced hires who bring new skills into the business, and we are working to encourage greater diversity at all levels of our organisation.
Goal 5: Achieve gender equality and empower all women and girls **Relevant targets: 5.1, 5.5**	Beyond our 'business as usual' approach to recruitment and promotion based on equal opportunities and fair remuneration, we are in discussions with external partners to enhance our efforts to attract and retain women at MotorK.
Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all **Relevant targets: 8.2, 8.5, 8.6, 8.8**	Our solutions enhance our customers' productivity and sales opportunities, contributing to economic growth, and MotorK's own growth creates rewarding and fulfilling employment for people in the communities in which we operate.
Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation **Relevant targets: 9.5**	Our commitment to innovation is at the heart of MotorK's vision, mission and values, and is demonstrated by our Tech Team of 121 people and our investment of 37% of revenues in R&D.
Goal 12: Ensure sustainable consumption and production patterns **Relevant targets: 12.5, 12.6**	We are looking to increase the adoption of sustainable practices throughout MotorK and are working to improve measurement and reporting of our impact and initiatives.



Employee satisfaction score

3.8/5

Total employees

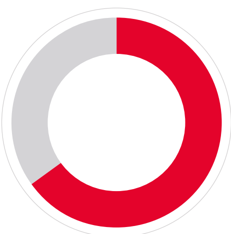
453

as of December 31 2022

Nationalities

28

Gender balance



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

COLLEAGUES

Our people are core to the success of MotorK; we trust our SparKers and work to support their dedication to providing the best service for each project and customer.

Engagement

As we continue to grow, we recognise more than ever the importance of listening to and acting upon our colleagues' views on the future direction of the business.

We ran our six-monthly employee engagement survey in June 2022 and were pleased that 287 colleagues responded in the most recent, a response rate of 89%. The results provided valuable insights into what we are doing well, and key areas for improvement. In response to the survey feedback last year, some of the actions we took included performing an official salary review as well as focusing more on career development.

We were delighted to achieve a satisfaction score of 3.8/5 (2021: 3.7/5), reflecting increases across all our locations and teams. Our strengths were "Direct Manager and me" (4/5), "Teamwork", "Work-life balance" and "People Engagement" (3.9/5). Areas for improvement include "Recognition" and "Development & Promotion" (3.5/5). We set up reports to examine the results of the survey and share them with our Department Leads, and have proposed initiatives to improve employee engagement. The survey results were also reviewed by the Board and senior leadership team, and key themes were considered when determining initiatives and metrics for 2023.

During the year, we refreshed our values, vision and mission, to reflect the Company's evolution and to align with the next phase of our ambitious growth. The values reflect our culture and serve to guide behaviours. As part of performance evaluations, colleagues rate themselves on how they live MotorK's values, with peers and managers doing the same.

In October, almost 300 SparKers from across the Company came together for MotorKruise, a five-day Mediterranean cruise focused on teambuilding, knowledge sharing and celebration of our results. After a two-year hiatus on account of the pandemic, it was great to be together again at a whole-company offsite gathering.

Priorities

- Update recruitment and other materials to reflect and embed updated values
- Develop case studies to demonstrate how colleagues live MotorK's values, and share these internally and externally

New hires
151
without acquisitions

Internal moves
11
without acquisitions

Training hours
900
in 2022

Equity, diversity and inclusion

We are determined to nurture our vibrant and inclusive culture by embracing diverse perspectives and empowering those of all backgrounds and experience levels.

We are pleased to report an improvement in our gender diversity, with women now accounting for 35% of our overall workforce, up from 30% last year. We recognise the need to encourage more women into a sector that has traditionally tended to attract men, and are in discussions with specialist external consultants to identify opportunities to highlight MotorK, and the sector as a whole, as an attractive career choice for women.

We seek to recruit people from diverse backgrounds and are proud that our colleagues span 28 nationalities. Our working language is English, although we do not wish this to be a barrier so employ three English teachers who hold regular sessions for employees, a proportion of which take place during working hours.

During the year, we added expertise in equity, diversity and inclusion (ED&I) to our recruitment team with a view to ensuring that the whole of our recruitment process is accessible to people of differing abilities and impairments. We are in the undergoing process to ensure one-third female presence on the Board on Directors in the next future.

Priorities

Continue work to enhance diversity in senior roles and throughout MotorK:
- Develop partnerships with schools and networks of candidates
- Work with external ED&I consultants
- Promote specific issues around awareness days, e.g. Black History Month, Pride

Training and development

Particularly in the context of strong competition for talent, we are acutely aware of the importance of attracting, rewarding and retaining our talented team members. We offer an attractive mix of market-benchmarked pay, generous Company benefits, and a wealth of learning opportunities to ensure our people feel rewarded and recognised for the work they do, and supported to further broaden their existing skill-sets and progress within MotorK.

We offer a broad programme of training modules, which we enhanced during the year by investing in the Udemy platform. We also introduced a three-month management training programme to develop our next generation of leaders and managers by empowering them to think strategically, engage with their teams effectively, and instil an inclusive, trusting and inspiring work environment. In addition to our internal training and development, we also support selected colleagues by offering sabbaticals and financial contributions to enable them to pursue relevant external qualifications.

Executive coaching is available to senior management, and we operate a mentoring scheme throughout different departments. We encourage movement within the organisation, and support colleagues looking to broaden their experience. We take a particularly proactive approach to this when integrating acquisitions, to ensure we retain and develop talent. During the year, 15% of our people were promoted internally or given the opportunity to be seconded to a different department, in recognition of their achievements and supporting professional development and career progression.

Beginning with the engineering team, we began the process of skills mapping, defining a competency matrix and applying salary bands in order to enhance transparency and coherence, set expectations and outline career paths.

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

Priorities

- Roll out skills mapping and competency matrix more widely
- Deliver professional training programme to mid-level colleagues
- Establish a technology lab to nurture innovation and train new graduates

Health, safety and wellbeing

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

We seek to support colleagues as much as we can, for example allowing flexibility around the school run, and offering gifts during sick leave, for example.

COMMUNITY

As well as supporting our communities by providing employment opportunities and paying taxes, we encourage colleagues across our offices to participate in community involvement and support worthy causes.

CUSTOMERS

We are proud to work with over 20 OEMs and 3,200 dealers, from single-site operators to international franchises. These valued customers expect the highest levels of functionality and service, and our diverse capabilities allow us to satisfy our customers' needs. Increasingly, clients are seeking integrated, modular solutions to meet the needs of their customers, and, with our SparK platform, MotorK is uniquely positioned to meet their expectations.

At the heart of our culture is our commitment to customer centricity, building on our quality, reliability and integration with our customers' processes to develop longstanding relationships. As one of our core values, customer centricity is embedded in everything we do.

Priorities

- Increase performance and interoperability between our products, delivering improved results from the platform
- Undertake annual customer survey
- Provide more local support with the reorganisation of product specialists
- Release new products to meet the future needs of dealerships and OEMs

PLANET

Minimising our environmental impact is a core element of operating responsibly. We recognise that in order to reduce our environmental impact, we first need to understand the carbon footprint of our operations, mainly through the impact of our offices and business travel. We intend to evaluate this during 2023 to identify focus areas and to provide a baseline against which we can monitor progress.

Several of our offices already source energy from 100% renewable sources. We use LED lights, donate electronic materials where appropriate and recycle or dispose of other items in accordance with the Waste Electrical and Electronic Equipment Directive.

We have introduced a hybrid working policy, reducing the need to commute and the associated emissions. Despite the relaxation of government measures to mitigate the Covid pandemic in the countries in which we operate, we have continued to prioritise online meetings over business travel for internal meetings where appropriate, although this needs to be balanced with the value of in-person contact. When travelling, we encourage colleagues to use public transport where practical.

We appreciate that initiatives to assess and reduce our carbon emissions can take time, so in the meantime we intend to explore suitable opportunities to offset our impact.

Priorities

- Develop and embed an environmental policy
- Undertake environmental assessment of all offices to create a baseline and identify priority actions and goals
- Survey colleagues to understand commuting behaviour
- Create a performance dashboard to monitor and track performance
- Investigate programmes to offset our impact

GOVERNANCE

We believe strong governance is core to making progress across all areas of our sustainability framework, and recognise that, as we grow, we have a responsibility to be more transparent about our impact on society to ensure we are balancing the needs of our different stakeholders.

Behaving ethically and responsibly

Refreshing our vision, mission and values during the year was an opportunity to engage our stakeholders, to set out why we exist as a company and the behaviours that will guide decision making and enable us to achieve our vision. The next step is to set out goals and metrics to ensure progress, including how we will act as a responsible business, which we will share and report on internally. Read about our vision, mission and values on Page 18.

In addition to aligning with our values, all colleagues are expected to adhere to our Code of Conduct, which sets the highest standards of honesty, integrity and ethical conduct and respect for the dignity of others.

M&A

We complement our organic growth with acquisitions, with cultural fit a priority among our strict criteria for evaluating acquisition candidates. Before making an acquisition, we undertake rigorous due diligence, and all acquisitions are approved by the Board prior to completion. We have a proven integration process with detailed integration plans tailored to each company, developed with the involvement of those responsible for implementation. This is designed to ensure a seamless integration of our new colleagues so that they feel part of the MotorK Group family and adopt our policies and values from day one. For the same reason, we assess the employees of acquired companies on their confidence in working in English, offering language classes as appropriate.

STAKEHOLDER ENGAGEMENT AND S172 STATEMENT

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

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

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

HOW THE GROUP ENGAGES WITH ITS KEY STAKEHOLDERS

Stakeholders	Why it is important to engage	Areas of impact addressed	Actions taken by management and/or the Directors in FY 2022
Employees	• Our services are delivered almost entirely by our internal workforce, with limited outsourcing. • Employees represent our biggest asset and their associated costs have the greatest impact on our profit and loss statement (P&L) compared to other factors. • We have a legal and ethical responsibility for their wellbeing.	• Training and development. • Wellbeing. • Internal communication and participation. • Group culture and engagement.	• Regular employee satisfaction surveys. • Regular Townhalls open to all employees. • Access to training both for personal development and work-related topics. • Share options plan extended to all employees. • Company cruise for all employees. • Comprehensive objectives and key results system put in place to align Company and personal goals. • Formalisation of smart working policies in accordance with current legislation.
Customers and suppliers	• Their performance directly impacts our financial, operational and responsible performance. • We are commercially responsible to customers and suppliers.	• Customer satisfaction. • Support to customers with temporary difficulties. • Innovative strategic partnerships. • Careful selection of trustworthy suppliers.	• Active participation in the main automotive industry events. • From March 2023, hosting of a new annual event called Automotive I/O, nurturing our thought leadership in the industry.
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.	• Update on IPO funding. • Communication with investors.	• Maintenance and development of the investors' section on our website. • Analyst coverage. • Met with several potential investors, both one-to-one and in group meetings • Quarterly KPIs communication to ensure full visibility of Group performance.

Regarding how the Group engages with local communities and environment please make reference to the disclosure reported in the ESG section.

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

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

- Approval of Company's results of 2021 and H1 2022 statements ensure awareness and transparency, on the Company information for key stakeholders with the effect of enhancing relationship, trust and comply with relevant regulations and regulators requests;
- Selling of DriveK business from which the Group obtains new financial resources to dedicate to its core business operations and finance the strategic growth to create value for its stakeholders.
- Approval of acquisition of new subsidiaries during the year with the aim of delivering value for the shareholders and for the employees of the Group and to better serve our customers consistently with our growth strategy.
- Launch of Company share buy-back program aim at sustaining our share long-term incentive plan and having the effect to sustain the share price and the value of the investments of our shareholders including the employees.
- Approval of the long-term share incentive plan in application of the Remuneration Policy with main goal of aligning the workforce towards long term value creation goals of the Group.

FINANCIAL AND OPERATING REVIEW

We confirmed the excellent growth track of the previous years demonstrating the success of the strategic initiatives put in place by management.

GROUP PERFORMANCE OVERVIEW

During the financial year ended 31 December 2022, the Group added to the excellent growth of the previous years demonstrating the success of the strategic initiatives put in place by management. Revenue increased by 40% to €38.5 million compared with €27.6 million in FY 2021 (of which 14% organic). The performance was led principally by the growth of SaaS platform revenue, which increased by 73% compared with FY 2021, and was also enhanced by €7.1 million by the companies acquired during 2022.

During the year, we also remained true to the other pillar of our strategy, investment in innovation, with total R&D expensed reaching 37% of our total revenue, up from 28% in FY 2021. In terms of profitability, Adjusted EBITDA closed positive at €0.2 million.

In order to fund our growing business and the required investments, we made a conscious use of our cash: at the end of FY 2022 we held liquidity for €19.2m, enabling us to fund our business and the future organic growth plans.

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

Revenue
€38.5m

Revenue growth
40%

Adjusted EBITDA
€0.2m

RESULTS FOR THE YEAR

€'000	2022	2021
Revenues	**38,547**	**27,560**
Cost for customers media services	(7,028)	(6,654)
Personnel costs	(25,916)	(17,553)
R&D capitalisation	8,707	3,490
Other costs	(14,076)	(6,008)
Adjusted EBITDA	**234**	**835**
Exceptional costs	(3,545)	(3,242)
Stock option plan cost	(1,543)	(9,714)
EBITDA	**(4,854)**	**(12,121)**
Depreciation and amortisation	(8,013)	(4,235)
EBIT	**(12,867)**	**(16,356)**
Finance costs	(1,235)	(4,818)
Finance income	231	11
Loss before tax	**(13,871)**	**(21,163)**
Corporate income tax	(140)	(2,765)
Loss – continued operations	**(14,011)**	**(23,928)**
Profit – discontinued operations	**6,734**	**403**
Loss for the period	**(7,277)**	**(23,525)**

Revenue

2022 Group revenue amounted to €38.5 million compared with €27.6 million in FY 2021, an increase of 40% year-on-year.

Revenue by product and service line

€'000	2022	2021	Year-on-year change
SaaS platform revenue	28,158	16,304	73%
Digital marketing revenue	7,210	7,674	(6%)
Other revenue	3,179	3,582	(11%)
Total	**38,547**	**27,560**	**40%**

The increase compared with the previous period was led by the performance of SaaS platform revenue amounting to €28.2 million, an increase of 73% compared with the previous period. The increase is led by organic growth (36% year-on-year) confirming the success of the commercial launch of the Spark platform and by revenue acquired through M&A in 2021 and 2022, amounting to €7.2 million (of which €6 million SaaS revenue).

As a result of the SaaS platform performance, recurring revenue reached 70% of the total, up 16 p.p. from the prior year (when this represented 54% of total revenue) and in line with management expectations for the year. Management believes this is an important indicator of the resilience of our growth.

€'000	2022	2021	Year-on-year change
Recurring revenue[1]	27,084	14,820	83%
Contract start-up revenue	1,074	1,484	(28%)
SaaS platform revenue	**28,158**	**16,304**	**73%**
Recurring revenue as % of total revenue	**70%**	**54%**	**16%**
SaaS platform revenue as % of total revenue	**73%**	**59%**	**14%**

1 It includes revenue from SaaS platform contracts split into two different performance obligations as provided by IFRS 15: revenue related to the delivery of the access to the platform and revenue related to post-contract support activities.

The principal geographical market continues to be Italy, representing 67% of Group revenues in FY 2022. The proportion of revenues from Italy reduced by 13 p.p compared with the previous year due to acquisitions made in France, Spain and Germany.

With the acquisition of FusionIT in FY 2022, the Group entered a new geographic market for the first time since the IPO, establishing a presence in Belgium, the Netherlands and Luxembourg and forming a basis for future expansion in the European market.

€'000	2022		2021		Year-on-year change
Italy	26,014	67%	22,255	81%	17%
Spain	4,428	12%	1,495	5%	196%
France	5,267	14%	1,838	7%	187%
Germany	1,282	3%	1,972	7%	(35%)
Benelux	1,556	4%	–	–	–
Total	**38,547**	**100%**	**27,560**	**100%**	**40%**

Opex

Costs, net of development costs capitalised, amounted to €38.3 million in 2022, an increase of 43% compared with the previous period and in line with the accelerated growth strategy pursued by the Group. The increase compared with FY 2021 is due mainly to the increase of personnel costs and other operating costs.

The increase of personnel costs to €25.9 million from €17.5 million in FY 2021 is related to the increase in the average number of FTEs during the year and also by the acquisitions made in December 2021 and during 2022.

€'000	2022	2021
Salaries and other personnel costs	19,973	13,882
Social security costs	5,943	3,671
Total personnel costs	**25,916**	**17,553**

The increase in other operating costs to €14.1 million in FY 2022 (compared with €6 million in FY 2021) is related to the change of consolidation area of the Group due to the M&A put in place in 2021 and 2022 for €3 million and to an organic increase incurred to sustain further the growth of the Group and to meet the requirements of being a listed Group for €5 million.

R&D investments represent a significant item for the Group, with a marked increase compared with the previous period:

€'000	2022	2021	Year-on-year change
Total R&D expenses	14,293	7,850	82%
– of which capitalised	(8,707)	(3,490)	149%
– of which expensed in the income statement	5,586	4,360	28%
Total R&D expenses as a percentage of Group total revenue	**37%**	**28%**	**9%**

Adjusted EBITDA

Adjusted EBITDA for the year was €0.2 million compared with €0.8 million in the previous period, confirming the ability of the Group to remain profitable during a period of accelerated growth. 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 €3.5 million (compared with €3.2 million in FY 2021) include exceptional costs incurred for M&A and one-off projects completed during the year of €1.1 million (€2.6 million during FY 2021), severance payment indemnities and related costs for employees who left the Group and have not been replaced of €0.6 million (€0.4 million during the FY 2021) and €1.8 million for contingent considerations related to the acquisitions made during 2021 and 2022 that are automatically forfeited if key employees terminate and are considered under IFRS 3 as remuneration for post-combination services and consequently recorded in the profit and loss of the Group.

Stock option plan costs amounted to €1.5 million compared with €9.7 million in FY 2021. The reduction is due mainly to the vesting of some non-repeatable stock options grants to key employees on the day of the IPO during 2021, mentioned in the 2021 Annual Report. Full reconciliation of the calculation of EBITDA Adjusted with the Consolidated Statement of Profit and Loss and Other Comprehensive Income is provided at page 129 of this Annual Report. Please refer to the paragraph "critical accounting estimates and judgements" at page 93 of this Annual Report for the explanation of the criteria used to identify such items as exceptional/not recurring costs.

Finance costs

Finance costs for the period were €1.2 million (€4.8 million in FY 2021). The decrease compared with the previous period is mainly due to the repayment between November 2021 and January 2022 of the financial loans in place on the day of the IPO.

Taxation

Corporate income tax was a negative figure of €0.1 million (a negative €2.8 million in FY 2021) and includes mainly the tax provision of €0.4 million in France and €0.1 million in Portugal, partially offset by a €0.3 million R&D grant obtained in Italy in 2022. Deferred tax assets on tax losses to carry forward for an amount of roughly €10.6 million have not been recognised due to the uncertainty in the timing in which such loss will be utilised.

Profit – discontinued operations

Profit for discontinued operations was €6.7 million (€0.4 million in FY 2021) and includes a capital gain of €7.8 million related to the sale of DriveK, previously classified as available for sale, net of the results of the discontinued business until the date of the sale.

Loss for the year

Loss for the year was €7.3 million compared with a loss of €23.5 million for the previous period. The reduction compared with the previous year is related mainly to the €7.8 million capital gain from the selling of the DriveK business unit and to the reduction of stock option plan costs of €8 million related to the one-off effects in FY 2021 related to IPO.

GROUP CAPITAL STRUCTURE AND FINANCIAL POSITION

€'000	2022	2021
Tangible assets	5,000	3,076
Intangible assets	36,757	17,953
Investments in associated companies	3,538	–
Fixed assets	**45,295**	**21,029**
Contract assets	**20,734**	**13,580**
Net working capital	**(2,805)**	**(3,761)**
Net assets available for sale	**–**	**3,278**
Deferred tax liabilities	**(1,471)**	**(659)**
Employees benefit liabilities	**(1,895)**	**(2,069)**
Provisions	**(4,538)**	**(1,406)**
Total invested capital	**55,320**	**29,992**
Cash and cash equivalents	19,223	43,257
Financial assets	194	106
Financial liabilities	(12,931)	(8,958)
Net cash position	**6,486**	**34,405**
Net equity	**61,806**	**64,397**

Fixed assets

Fixed assets were €45.3 million as at 31 December 2022, compared with €21 million as at 31 December 2021. The increase of €24.3 million was related mainly to goodwill and other intangible assets arising from the allocation of the €15.5 million consideration paid for the acquisition of companies completed by the Group in December 2022 and €2.5 million of development costs net of depreciation. The €3.5 million increase in investments in associate companies represents the investment in 20% of AutoXY S.p.A., the business combination related to the sale of the DriveK business unit.

Contract assets

Contract assets were €20.7 million as at 31 December 2022, compared with €13.6 million as at 31 December 2021. Contract assets represent the right to bill (net of invoices already issued) related to the SaaS platform multi-year contracts whose revenues have been already recognised at a point in time upon the delivery of access to the platform, according to IFRS 15. The increase compared with the previous period is related to the increase of SaaS platform revenues as reported above.

Net assets available for sale

Net assets available for sale were nil as at 31 December 2022, compared with €3.3 million as at 31 December 2021 following the completion of the sale of the DriveK business unit, classified as held for sale as per IFRS 5 during FY 2021.

Net cash position

Net cash position was a net cash position of €6.5 million as at 31 December 2022, compared with a net cash position of €34.4 million as at 31 December 2021. Cash and cash equivalents amounted to €19.2 million compared with €43.3 million as of December 2021. Changes compared with the previous years are explained below in the Group cash movements for the year table. Financial liabilities amounted to €12.9 million compared with €8.9 million as of December 2021. The increase is due mainly to the application of IFS 16 to office lease agreements entered into during the year.

Net equity

Net equity was €61.8 million as at 31 December 2022, compared with €64.4 million of the previous period. Change compared with the previous year is mainly due to the net result of the year net of 7.3 million net of capital increase occurred during the year related to the issuance of shares related to the consideration paid in shares for the acquisition made in 2022.

GROUP CASH MOVEMENTS FOR THE YEAR

€'000	2022	2021
Cash and cash equivalents at the beginning of the period	**43,257**	**11,824**
Adjusted EBITDA from continuing operations	234	835
Decrease/(increase) in working capital	618	763
Decrease/(increase) in contract assets	(7,154)	(3,376)
Operating free cash flow	**(6,302)**	**(1,778)**
Taxes paid	(150)	(127)
Cash flow from investing activities – tangible assets	(315)	(132)
Cash flow from investing activities – R&D	(8,760)	(3,552)
Free cash flow	**(15,527)**	**(5,589)**
Exceptional items	(1,773)	(2,681)
Free cash flow from discontinued operations	3,051	774
Cash flow from investing activities – M&A	(8,467)	(5,350)
Cash flow from financing activities	(647)	(25,791)
Cash flow from equity movements	(694)	70,065
Others	(23)	5
Net increase/(decrease) in cash and cash equivalents	**(24,034)**	**31,433**
Cash and equivalents at the end of the period	**19,223**	**43,257**

Operating free cash flow

Operating free cash flow was negative €6.3 million in FY 2022, compared with €1.8 million in FY 2021. Operative cash burn compared with the previous period was due mainly to the increase in contract assets, which drew cash of €7.1 million in 2022 compared with €3.4 million in 2021.

Free cash flow

Free cash flow was negative €15.5 million in FY 2022, compared with €5.6 million in FY 2021. Cash burn compared with the previous period was due to operating free cash flow and the €5.2 million increase in R&D investments compared with FY 2021.

Cash flow from investing activities – M&A

Cash flow from investing activities amounted to negative €8.5 million and represents the consideration paid for the acquisition of the entities forming the FranceProNet business (FranceProNet SAS and SFD SAS – France), the CarFlow business (FusionIT NV– Belgium) and WebMobil24 business (ICO international GmbH – Germany) net of the cash acquired.

Cash flow from financing activities and equity movements

The cash flow from financing activities is negative for €0.6 million and is mainly related to fresh liquidity obtain during the year for €2.1 million net of bank loan repaid for €0.5 million, interest paid for €1 million and lease repayment for €1.1 million. Cash flow from equity movements is negative for €0.7 million due to the buy-back programme put in place by the Group during the year 2022.

DIVIDEND

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

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

On 14 February 2023, in line with the M&A strategy pursued by the Group, MotorK Italia S.r.l. issued to Smart Mobility Services Spain S.L. a convertible equity loan, convertible at the sole discretion of MotorK, for an amount of €150,000.00 with a due date of 31 December 2023.

OUTLOOK

The international context of the first months of FY 2023 continues to appear challenging. Inflation rates in the area where the Group operates are still significant and the increase of interest rates applied by international central banks seems not to be over. Despite the difficulties of the context, MotorK Group has a strong net cash position ensuring flexibility for future investments. The Group will pursue its stated strategy of growing revenues both organically through the expansion of the business with the current customer and with customers acquisition and with possible M&A transaction. In order to sustain the growth, it will keep investing in R&D and, when necessary, in the staff. Management believes that the current financial resources are sufficient to fund its current operations and the growth and is committed to obtaining external financial resources to fund extraordinary expansion. The conflict between Russia and Ukraine appears still far from the solution. Despite the fact that the Group does not operate directly in such geographical area, the persistence of the conflict may cause long term issues in terms of supply-chain constraints for the economy in general with possible impact on MotorK customers. 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 guidance of ARR and cash EBITDA mentioned in this Annual Report.

FINANCIAL AND NON 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[1] **€26.9m** vs €15.1m 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.	This represents the yearly subscription contract value of the Group's customer base at the end of the reporting period.	The Group expects ARR for FY 2023 to be in the range of €39-43 million.
Revenue growth **40%** vs 43% last year	Our strategy is centred on delivering significant top-line growth in the next few years. Hence, this is a fundamental KPI to track our strategic performance.	Calculated as increase in revenue percentage year-on-year.	The Group expects revenue to increase in FY 2023 in order to meet the target of ARR mentioned above.
Recurring revenue as % of total revenue **70%** vs 54% last year	This measures the ability of the Group to focus on the recurring component of Group revenue, that is the most scalable and value-adding.	Calculated as recurring revenues as a percentage total Group revenue. Recurring revenue includes revenues from SaaS contracts (including both revenue from the delivery of the access to the platform and revenue related to post-contract support activities).	Target of 70% of FY 2022 has been reached by the Group. Further growth is expected in 2023 to meet the target of ARR mentioned above.
Organic revenue growth **14%** vs 41% last year	Due to the number of acquisitions, the Group makes this measure to help 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.[2]	The Group expects revenue to increase in FY 2023 in order to meet the target of ARR mentioned above.
Adjusted EBITDA[1] **€0.2m** vs €0.8m last year	This is a consistent measure of trading performance, aligned with the interests of our shareholders. Adjustments are related to expenses that are not strictly inherent to the underlying business performance.	Calculated as operating profit before interests, taxes, amortisation and depreciation net of exceptional costs. Disclosure of the calculation is provided in the paragraph 10 of the Notes Forming Part of the Consolidated Financial Statements at page 98 and 99 of this Annual Report.	The Group targets for FY 2023 a negative Cash EBITDA (adjusted EBITDA less change of contract assets and R&D capitalization) of approximately €6 to 8 million.
Adjusted EBITDA margin **1%** vs 3% last year	This is a consistent measure of performance needed to ensure costs of the Group are in line with the level of business being generated.	Calculated as Adjusted EBITDA as a percentage of total Group revenue.	The Group expects EBITDA margin to increase in FY 2023 in order to meet the target of ARR and Cash EBITDA mentioned above.
Number of employees **453** vs 273 last year[3]	This is a indicator helpful to measure the growth of the Group.	Number of employees at the end of the year.	The Group expects to have an adequate numbers of employees to ensure our growth targets reported above.

Data shown are related to FY 2022 (compared with the previous year period where needed).

1 It is considered a Group APM.
2 In calculating such KPI, revenues of FY 2021 do not include revenue of the companies acquired during the year 2021 (Dapda, Dapda Media, Fidcar and Liotey). Revenues of FY 2022 do not include revenue of the companies acquired during the year 2022 and revenue of FY 2022 related to Dapda, Dapda Media, Fidcar and Liotey.
3 Not including the employees of companies acquired in December 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

RISK GOVERNANCE

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

Board of Directors

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

Audit Committee

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

Management

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

RISK MODEL

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

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

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

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

STRATEGIC RISKS

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

EXTERNAL RISKS

Risk	Causes of risk	Consequences of risk	Mitigation
Interruption of MotorK IT systems and products due to a cyber-attack	• Lack of/ineffective security measures; • Lack of/ineffective staff training in terms of cyber security; • Unauthorised/incorrect use of devices by employees.	• Unavailability of products and services; • Operational business interruption; • Economic damage in terms of extra costs for incident response, forensic activities, data and system recovery costs and/or cyber extortion; • Economic damage in terms of lower revenues due to business interruption; • Reputational damage.	Cyber insurance is in place. • When a new company is acquired, its product infrastructure is totally separate from MotorK's, so a vulnerability in its infrastructure cannot affect the continuity of MotorK products.

EXTERNAL RISKS CONTINUED

Risk	Causes of risk	Consequences of risk	Mitigation
Denial of service attack	• Lack of/ineffective security measures; • Lack of/ineffective staff training in terms of cyber security (e.g. due to phishing attack); • Unauthorised/incorrect use of devices by employees.	• Unavailability of products and services; • Economic damage in terms of extra costs for incident response, forensic activities and data and system recovery costs; • Economic damage in terms of lower revenues due to business interruption; • Reputational damage.	Cyber insurance is in place. • Contractual conditions with customers are in place for any interruption of products and services due to events not attributable to the wilful misconduct or gross negligence of MotorK.
Data breach	• Cyber-attack. • Lack of/ineffective security measures. • Lack of/ineffective staff training in terms of cyber security. • Misbehaviour of employees. • Unauthorised/incorrect use of devices by employees.	• Economic damage, in terms of extra costs for litigations, incident response, forensic activities and data and system recovery costs. • Reputational damage.	Cyber insurance is in place. • Presence of disaster recovery procedures where roles and responsibilities to manage an incident are identified and a Data Protection Officer has been appointed. • Definition and implementation of a training plan for Data Processors; • Definition and implementation of a Data Breach procedure and breach notification management; • Implementation of security measures to prevent violations (antivirus, firewalls, backups, penetration test).

COMPLIANCE RISKS

Risk	Causes of risk	Consequences of risk	Mitigation
Unlawful acts by internal staff resulting in criminal liability of the Company, under the Italian Leg. Dec. 231/2001	• Lack of/ineffectiveness of Organisation and Management Model ex 231/2001. • Ineffective/incomplete monitoring and control. • Lack of/incorrect communication to the Organismo di Vigilanza[2] of any changes/updates in the role of senior resources. • Failure to update the 231-risk matrix in relation to changes in the company and/or in the products/ services provided. • Lack of/ineffective staff training.	• Pecuniary and inhibitory penalties. • Reputational damage. • Economic damage in terms of extra costs and lower revenues.	The Company engaged an external law firm to carry out an assessment of corrective and preventive mitigation controls already in place (e.g. Code of Ethics, Whistleblowing Policy, Group Organisational Chart, formalised Power of Attorney, formalised Transfer Pricing Policy).

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

INTERNAL CONTROL SYSTEM GOVERNANCE

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

Our ICS Governance Model is based on the presence of three lines of defence: Management (First Line), the Risk and Compliance function (Second Line) and the Chief Financial Officer (Third Line), who actively take accountability and monitor risk and control management.

Management (first line of defence)

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

Risk management and compliance (second line of defence)

Our Risk Management and Compliance function provides expertise, support, and challenge on risk and internal controls related matters (the hiring of a Risk and Compliance Manager has been budgeted for the beginning of 2023).

Chief Financial Officer (third line of defence)

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

INTERNAL CONTROL SYSTEM MODEL

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

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

MOTORK INITIATIVES FOR RISK MANAGEMENT AND INTERNAL CONTROL

We are working on the enhancement and continuous improvement of our risk management and internal control system, in order to ensure we work to the highest standards. During 2022, the following main initiatives were carried out:

- **Enterprise Risk Assessment** aimed at:
  - defining the entire spectrum of risks to which the Company is exposed;
  - defining the associated risk appetite;
  - identifying measures to mitigate risks;
  - prioritising risks; and
  - identifying possible areas for improvement and defining related action plans.
- for MotorK Italia S.r.l, **Risk Assessment in accordance with the Legislative Decree 231/2001** aimed at:
  - identifying relevant offences under the Italian Legislative Decree 231/01;
  - identifying and prioritising risk areas;
  - identifying and analysing the related internal controls; and
  - identifying possible areas for improvement and defining related action plans.
- Formalisation of **policies and procedures** for most relevant processes;
- Formalisation of **Risk and Control Matrices (RCMs)** for most relevant processes, summarising risks, controls, and related attributes (frequency, nature of control, control objectives).

In the year 2023 the management will be working to strengthen the internal control system through the adoption of new tools and procedures and the implementation of the improvements plan consequent to the enterprise risk assessment performed during 2022.

Impacts of risks on the performance of the year

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

BOARD APPROVAL

The Strategic Report was approved by the Board of Directors on 30 March 2023 and signed on its behalf by:

Marco Marlia
30 March 2023

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

CORPORATE GOVERNANCE

> **We believe 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.**

CORPORATE GOVERNANCE REPORT

THE BOARD RECOGNISES THE IMPORTANCE OF SOUND CORPORATE GOVERNANCE

Dear Shareholders

As Chairman of the Board of Directors of MotorK plc, I am pleased to introduce the Group's corporate governance report for the period ended 31 December 2022. The corporate governance statement provides an overview of how the Board of Directors has operated during the past financial year and the key issues considered.

Since my appointment in June 2021, I have been impressed with the governance processes in place relative to the Group's size, and with the Company's commitment to fostering an innovative and inclusive culture. The Board of Directors is committed to sound corporate governance. The Company is voluntarily applying the Dutch Corporate Governance Code (the "Dutch Governance Code"). A copy of the Dutch Governance Code can be found on 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 to its corporate governance policy. The Company complies with relevant best practice provisions of the Dutch Governance Code in a manner consistent with and proportionate to the size, risks and complexity of the Group's operations. The Board of Directors believes that good governance plays a key part in the Group's ability to achieve its medium and long-term strategic aims and supports the creation of value for all our stakeholders. As such, good corporate governance and social responsibility plays a key part in the Company's strategy and long-term value creation for its shareholders.

The Board of Directors will provide annual updates on our compliance with the Dutch Governance Code. Please refer to Pages 45-47 for more details.

During the financial year ended 31 December 2022, the following changes were made to the Group's key corporate governance arrangements and the following policies were applied:

- I was appointed as Executive Chairman in June 2022 (information on my background can be found on Page 51);
- Laurel Charmaine Bowden was appointed as a member of the Audit Committee, replacing me;
- the terms of reference for the functioning of the Remuneration Committee, the Audit Committee and the Selection and Nomination Committee were applied; and
- a diversity policy including specific targets was established to promote diversity within the Board.

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. It acts as a holding company for its subsidiaries, details of which are set out on Page 81-83. MotorK's shares are listed on the Euronext Amsterdam.

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

THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM

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

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

During the year, all serving Directors attended (in the main by video conference) the scheduled Board meetings that were held. In addition to the scheduled Board meetings, a number of ad hoc Board meetings were held. Directors are provided with appropriate and timely information by the Group's management and the Directors are free to seek any further information they consider necessary. Details of the number of Board meetings attended by each Director can be found on Page 49.

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 10 members, including the Chairman and the CEO, each of whom oversees a specific aspect of the business. Details of the Executive Management Team can be found on Page 52-53.

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

OVERVIEW OF BOARD COMMITTEES

The Board of Directors is supported by the Audit, Remuneration and Selection and Nomination Committees, details of which are set out below. Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities, copies of which are published on the Company's website. A summary of the activities during the year ended 31 December 2022 of each of the below-mentioned committees can be found on Page 49-50.

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 Laurel Charmaine Bowden, who replaced Amir Rosentuler as a member in June 2022. All members, including the Chairman of the Audit Committee, meet the requirements of members of the Committee pursuant to the terms of reference. In addition, Mauro Pretolani has competence in accounting and auditing.

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

Remuneration Committee

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

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

Selection and Nomination Committee

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

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

SHAREHOLDERS

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

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

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

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

MotorK recognises the importance of engaging with its shareholders. For further details, please see the Stakeholder Engagement section on Page 29.

INTERNAL CONTROLS AND RISK MANAGEMENT

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

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

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

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

Furthermore, the Company was supported in its development of the internal control and risk management systems during the 2022 financial year by an external advisor.

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

In addition, the Company has engaged primary law firms as 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.	A number of the options granted under the Enterprise, Management Incentives (EMI) Plan will vest and be exercisable also within the first three years following the IPO. Also, the lock-up commitments agreed upon in connection with the shares resulting from the exercise of the options granted under the EMI Plan will expire prior to five years following the award of such shares.	The Company deviated from the best practice provision 3.1.2 in order to retain its Directors, each of which has a deep understanding of the Company and the industry in which the Company operates. Starting from the approval of the New long term incentive stock option share based Plan the Group has not granted new option under the EMI Plan.
Best practice provision 5.1.4 which provides that all the members of the Remuneration Committee are non-executive.	Not all the members of the Remuneration Committee are non-executive, since the Chairman has been appointed as an Executive Chairman in June 2022.	The Board weighted on one side the level of experience and contribution that the Chairman is taking to the benefit of the Remuneration Committee and, on the other side, the potential risk of having an Executive Director as member of the committee, and decided that the latter were negligible in the case while the former were tangible. The Board will reconsider this decision in case of future significant changes of the board composition.
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.
Annually, the Non-Executive Directors are expected to meet in order to discuss their own functioning, the functioning of the Board of Directors and its Committees and the functioning of the Executive Directors pursuant to best practice provisions 2.2.6 and 2.2.7 of the Dutch Corporate Governance Code.	Relevant activities are scheduled in the first half of 2023.	Due to the extreme workload they were not able to perform such activities.

IN-CONTROL STATEMENT

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

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

With reference to article 5:25c, section 2 sub c, of the Dutch Financial Supervision Act and based on the audit of the financial statements by the external auditor, Marco Marlia (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 2022, as well as the profit for the financial year 2022 of the Company and the companies included in the consolidation; and
- the Annual Report provides a true representation of the situation on 31 December 2022, and the course of business at the Company and at companies included in the consolidation for the financial year 2022 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 Page 8.

DIVERSITY POLICY

We have adopted a diversity policy for the Board of Directors, which is posted on the Company's website. The Company believes that diversity in the composition of the Board of Directors in terms of age, gender, expertise, professional background and nationality is an important means of promoting debate, balanced decision-making and independent actions of the Board of Directors.

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

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

VALUES AND CODE OF CONDUCT

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

ANTI-TAKEOVER MEASURES

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

NON-EXECUTIVE DIRECTORS' REPORT

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

INTRODUCTION

This is the report of the Non-Executive Directors of the Company over the financial year 2022, as referred to in best practice provision 2.3.11 of the Dutch Governance Code.

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

Details of the current composition of the Board of Directors, including the Non-Executive Directors, are set out in the section "Board of Directors" on Page 51.

SUPERVISION BY THE NON-EXECUTIVE DIRECTORS

Pursuant to the Dutch Governance Code, it is the responsibility of the Non-Executive Directors to supervise the policies carried out by the Executive Directors and the general affairs of the Company and its affiliated enterprise, including the implementation of the strategy of the Company regarding long-term value creation. In 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. In this respect, the Group strategy has been adopted in view and ahead of the IPO in 2021 and has not been substantially changed since. The Non-Executive Directors have therefore focused on overseeing that the yearly budget and the main transactions and strategic decision be in line with the above stated strategy. This has been achieved through regular updates with the Executive Directors and the executive team, occurred mostly in the occasion of the Board meetings or in dedicated sessions. The Non-Executive Directors have also reviewed this Annual Report, including the Remuneration Report and the Group's financial results, received updates on legal and compliance matters, and have been regularly involved in the review and approval of transactions entered into with related parties. The Non-Executive Directors have also reviewed the report of the Board of Directors and its Committees.

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

MEETINGS OF THE BOARD OF DIRECTORS

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

There were four meetings of the Board of Directors during the year 2022. An overview of the attendance of the individual Directors per meeting of the Board of Directors and its Committees is set out on the table on the right.

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

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

- approval of the 2021 Company's accounts and reports;
- approval of FusionIT acquisition and allotment of shares related to M&A;
- hive down of the MotorK Spain subsidiary from the Company to MotorK Italia S.r.l.;
- Company's buy-back programme for a maximum aggregate amount of €3 million;
- reduction of capital by cancelling share premium of an amount equal to €4 million;

Director	Board of Directors	Audit Committee	Remuneration Committee	Selection and Nomination Committee
Amir Rosentuler	4/4	2/2[1]	7/7	1/1
Marco Marlia	4/4	–	–	–
Måns Hultman	4/4	–	7/7	–
Laurel Charmaine Bowden	3/4	1/2[2]	–	–
Mauro Pretolani	4/4	4/4	–	1/1

1 Until his resignation on 19 June 2022.
2 Since her appointment on 19 June 2022.

- contribution in-kind of the Company's shareholding in the subsidiaries DAPDA, DAPDA Media, Fidcar, FranceProNet, Liotey and SFD to MotorK Italy S.r.l.;
- appointment of Amir Rosentuler as Executive Chairman of the Company;
- appointment of Laurel Charmaine Bowden as member of Company's Audit Committee replacing Amir Rosentuler;
- approval of the Company's H1 2022 Report, Q3 2022 Results and Adjusted FY 2022 Guidance;
- change of the registered address of the Company and appointment of a new company secretary;
- acknowledgement of the results of a risk assessment;
- approval of the Long Term Incentive Plan of the Company and the relevant subplans; and
- acknowledgement of the draft 2023 budget.

INDEPENDENCE OF THE NON-EXECUTIVE DIRECTORS

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

Laurel Charmaine Bowden is not independent within the meaning of best practice provision 2.1.8, since she is a partner at 83 North III Limited Partnership ("83 North") and 83 North holds approximately 20% of the shares in the Company.

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

EVALUATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

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

Due to the extreme workload, the Non-Executive Directors were not able to perform the aforementioned evaluation during 2022. They will hold such an evaluation in the first half of 2023.

COMMITTEES

Audit Committee

A description of the Audit Committee's role, responsibilities and composition is set out on Page 44. During the year ended 31 December 2022, the Audit Committee has selected and recommend to the Board of Directors advisors that have supported the Company development path of the internal control and risk management system in 2022; furthermore, the Audit Committee has been supported by an external advisor on a permanent basis during the execution of its duties. In particular, the Audit Committee supported and recommended to the Board of Directors the approval of the Company's Annual Report and financial statements for the financial year ended 31 December 2021 and H1 2022 Report. The Audit Committee also took note of the external auditors' activities for 2021 and the results of the impairment test.

During the year ended 31 December 2022 the Audit Committee focused also on the results of the activities performed for the formalization of the Risk and Control Matrices (RCMs) for most relevant processes, summarizing risks, controls, and related attributes (frequency, nature of control, control objectives). The Audit Committee took note of the results and will monitor the follow-up activities during the year 2023.

Remuneration Committee

A description of the Remuneration Committee's role, responsibilities and composition is set out on Page 44. The Remuneration Committee worked on an long-term incentive plan (LTIP) (and short-term incentive plan (STIP) together with external advisors and recommended the Board of Directors to adopt the same, together with French and Israeli subplans.

Furthermore, the Remuneration Committee recommended to the Board of Directors the approval and adoption of the 2021 Remuneration Report and a Remuneration Policy on which the Committee worked with external advisors.

In addition, the Remuneration Committee approved the engagement of an advisor for the drafting of the Directors' Service Agreements.

Selection and Nomination Committee

A description of the Selection and Nomination Committee's role, responsibilities and composition is set out on Page 44. During 2022, the Selection and Nomination Committee discussed, amongst others, the reappointment of the Group's CEO, Marco Marlia (he was re-elected on 28 April 2022) and the reappointment of the Company's director Laurel Charlaine Bowden (she will retire in 2023 and has offered herself for re-election). 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. The plans will be aimed at retaining the balance in the requisite expertise, experience and diversity.

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 is provided to the Audit Committee, where priorities are set and guidance is provided to follow up on identified areas of concern and to further enhance risk and control management. The Audit Committee is further supported by relevant subject matter experts throughout the Company.

BOARD OF DIRECTORS

Amir Rosentuler

Executive Chairman
(appointed 11 June 2022)

Mr. Rosentuler, 56, Israeli, joined the Group in 2020. He has 25 years of executive management and entrepreneurial experience in leading technology companies, including more than 15 years of experience in NASDAQ- and NYSE-listed companies. Mr. Rosentuler is currently the chairman and board member of several companies. Previously, he was the co-chief executive officer of Deutsche Telekom HBS Inc., a subsidiary of Deutsche Telekom AG, based in Silicon Valley, California. Mr. Rosentuler completed the Executive Leadership, Business Administration, Management and Operations Program at Babson College.

Marco Marlia

CEO & Co-founder
(appointed 10 October 2014)

Mr. Marlia, 44 , Italian, co-founded the Group in 2010. He is a serial entrepreneur experienced in running digital companies, having co-founded several other companies (Nextre Engineering, Biquadra and Nomesia), a web design agency and a search engine optimisation agency. Mr. Marlia holds a bachelor's and master's degree in Economics from Bocconi University in Italy, and he is author of books including "Il Metodo DealerK" and "Wikis: Tools for Information Work and Collaboration". Mr. Marlia also earned a bachelor's degree in Institutions and Financial Markets from Bocconi University.

Måns Hultman

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

Mr. Hultman, 56, Swedish, 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 a partner at Zobito, which is a shareholder of the Company. In addition to serving as a Director of the Company, Mr. Hultman currently serves as a director for Ikano Group, Musikborsen AB, Zobito 1 and 2, Zobito 3 AB and Crossbow AB and an owner of Tassaka AB. Previously, Mr. Hultman served in various leadership positions for other companies.

Laurel Charmaine Bowden

Non-Executive Director
(appointed 14 January 2019)

Ms. Bowden, 58, Brit, 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
(appointed 22 August 2016)

Mr. Pretolani , 57, Italian, is senior partner at Fondo Italiano d'investimento SGR, a venture capital fund active mainly in the Italian market, a position he has held since 2017. In addition, Mr. Pretolani currently serves as a director for Termo, Healthware Group, Everli (formerly Supermercato24) and BeMyEye. Mr. Pretolani earned a bachelor's degree in Business and Economics from Sapienza 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

Prior to joining the Group in 2021, 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 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

VP of Corporate Development & IR

Mr. Jacquet 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. 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. Mr. Jacquet holds a Master of Science (MS) degree from Télécom Paris, as well as a Master of Finance & Strategy from Sciences Po Paris.

Joe Sanchez

Chief Revenue Officer

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

Yair Pinyan

Senior Vice President, Head of R&D at MotorK.

Yair is Senior Vice President, Head of R&D at MotorK. As leader of the Engineering, IT Operations and Quality Assurance teams, he's a business enabler in charge of the company's technology development, making sure MotorK's R&D efforts are geared towards steady innovation.

Yair boasts extensive knowledge of advanced technologies to solve complex problems and has worked in R&D organisations for over 20 years. He most recently held the role of Vice President of Research & Development at BKS (Britannica Knowledge Systems), where he successfully transferred an on-prem product into a SaaS solution, while managing a remote team of 70 engineers. Previous experience includes leadership roles at Orbotech Ltd, Correlor Technologies Ltd., Microsoft and Gteko Technologies Ltd.

Yair holds a Bachelor Degree in Economics and Computer Science from Bar Ilan University, in Israel, as well as an Executive MBA from Quantic School of Business and Technology in Washington, D.C.

Nir Erlich terminated his office as Chief Innovation & Product Officer in the Company in January 2023, Tommaso Carboni terminated his office as Head of Global Sales & Country Manager, Italy in November 2022, and Luisa Corvino terminated her office as Chief Human Resources Officer in February 2023.

Jean Pierre Diernaz

Chief Strategy Officer and Country Manager, France

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

Asaf Polturak

Chief of Staff

Mr. Polturak joined the Group in 2020. Mr. Polturak has over 10 years of experience across consultancy, private equity and hedge funds. Before joining the Group, 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.

Daria Grazzi

Chief Human Resources Officer (appointed in April 2023)

Daria Grazzi, is a long-run professional in the area of people management, with a rich and varied experience in all aspects of human resources. She has over 20 years of professional experience in several industries such as retail and FMCG and industries. In the past five years transitioned to the technology industry with a focus on digital companies, in particular, start-ups and scale-ups. Her main focus and expertise lie in: change management, M&A processes, and Start-Up as well as expertise in labour legislation and litigation.

Ms. Gazzi holds a bachelor's in Law and a master's degree in General Management.

Phillippe Schulz

Chief Customer Officer (appointed in March 2023)

Philippe is the Chief Customer Officer, responsible for all entities having interactions with MotorK Customers in the context of implementing MotorK solutions and keeping those optimized; as such, he leads all operational departments, from support to education and professional services.

Having spent all his career in the software industry for the past 30 years, to include 20 years in focusing around management of services departments, Philippe has deep expertise of best practices in this industry. In his immediate previous position, he was Vice President of professional services for a software company specialized around CX management, where he was managing its services divisions across USA, EMEA and APAC. Prior to that position Philippe has occupied several management positions while always focusing on the optimization of the interactions with Customers.

He owns a Master's in Economics and Social Administration and graduated from the Institute of Business Administration in the University of Sophia Antipolis.

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 2022 is set out from Page 77 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 2022.

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

The Directors of the Company during the year ended 31 December 2022 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 2022 are set out on Page 51.

In addition to the CEO, the members of the Executive Management Team of the Company during the year ended 31 December 2022 were Andrea Servo, Etienne Jacquet, Nir Erlich, Jean Pierre Diernaz, Luigia Corvino Asaf Polturak, Joe Sanchez, the Company's Chief Revenue Officer since April 2022 and Yair Pinyan, the Senior Vice President, Head of R&D since June 2022.

Philippe Schulz and Daria Grazzi join the Group in March 2023 respectively as Chief Customer Officer and Chief Human Resources Officer.

Tommaso Carboni terminated his office as Head of Global Sales & Country Manager, Italy on November 2022.

Nir Erlich and Luigia Corvino resigned respectively on 31 January 2023 and 3 February 2023. Their roles will be covered on an interim basis by the CEO until replacements are appointed.

DIRECTORS' INDEMNITIES

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

DIRECTORS AND THEIR BENEFICIAL INTERESTS

The Directors of the Company and their beneficial interest in the ordinary shares of the Company as at 31 December 2022 were as follows:

Director	Position	Appointed	Ordinary shares
Amir Rosentuler	Executive Chairman	11 June 2021	120,000 (0.3%)
Marco Marlia	Chief Executive Officer	10 October 2014	5,481,580 (13.6%)
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 2022:

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[1]	2,965,400	7.35%
M&G Investment Management Limited	1,230,768	3.1%

1 Aggregated Zobito ownership through various vehicles.

Lucerne Capital Management GP, LLC exceed the three % threshold in the first quarter of 2023 totalling its shareholding to 3.01%.

POLITICAL DONATIONS

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

There are no restrictions as to voting rights.

FUTURE DEVELOPMENTS

Particulars of any important events affecting the Company that have occurred since the end of the financial year and an indication of likely future developments in the business of the Company are described in the Strategy section of the Strategic Report on Page 8 and are incorporated into this report by reference.

DISCLOSURE OF INFORMATION TO AUDITORS

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

SUBSIDIARIES OUTSIDE OF THE UK

Details of the Company's subsidiaries are set out on Page 81-83.

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 23 to the consolidated financial statements. The Company has one class of ordinary share and each ordinary share carries the right to one vote at General Meetings of the Company.

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

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group implements a careful approach to financial risk management. During 2022, the Group entered into transactions involving derivative instruments only related to put option (and reciprocal call option for the counterpart) on the sale of 20% equity investments in AutoXY S.p.A. related to the business combination of the DriveK business unit sale. Details of what the Board of Directors considers to be the main financial risks facing the Company are set out under the "Risk identification" paragraph within the Principal Risks and Uncertainties section on Page 36.

Risk appetite

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

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

The Group's results of operations 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.

Regarding currency risk, liquidity risk, credit risk and uncertainties in the possibilities to attract financing please refer to the disclosure reported in the consolidated financial statements in this Annual Report.

Regarding significant estimates related to such risks please refer to the disclosure of the consolidated financial statements in this Annual Report.

Risks of possible non compliance with laws and regulations

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

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

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

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

GREENHOUSE GAS (GHG) EMISSIONS

Due to the nature of MotorK's business, direct ecological impact in terms of GHG emissions, energy consumption and energy efficiency from our operations are mainly related to the consumption of electricity in the Group premises. Indirect ecological impacts are related mainly to the cloud services provided by our external suppliers and by the business travel of MotorK employees. During 2022, MotorK continued to offer employees the option of working remotely. Due to this, GHG emissions, energy consumption and energy efficiency data relating to the Group's operations, our offices and staff travel are not significant for the year ended 31 December 2022 and not reported in the 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 looks forward to establishing a more formalised approach to sustainability in the future.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

For a detailed analysis of the Group's engagement with its various stakeholder groups, please refer to the Stakeholder Engagement and S172 Statement section on Page 29.

EMPLOYEES NON-DISCRIMINATION AND HARASSMENT

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

RESPONSIBILITY STATEMENT

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

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

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

In preparing these financial statements the Directors are required to:
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether IFRS have been followed, subject to any material departures disclosed and explained in the Group and Company financial statements respectively; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and the Directors' Remuneration Report 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 Directors' Report and other information included in the Annual Report & Financial Statements are prepared in accordance with applicable law in the United Kingdom and the Netherlands.

As at the date of this report, the Directors, whose names and functions are listed in the Board of Directors Report on Page 54, 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 preparing the financial statements, management has applied going concern principle based on its assessment of the Company's ability to continue as a going concern. In making such an assessment, management has considered the strong cash position of the Group, the expectation of the Company's future performance and the excellent results in terms of growth during 2022.

Management has prepared a Business Plan covering the period 2023-2027 showing that the company has the resources to cover its financial need for the foreseeable future. As per the Business Plan, during FY 2023 and 2024 it is forecasted to burn a certain amount of cash so that cash and cash equivalents at year end 31 December 2024 will land in a positive territory with 2024 showing a stabilization towards cash flow breakeven. Sensitivity analysis over a potential reduction of recurring revenue respectively of 10% and 20% have been prepared by management, showing that the Group has enough resources to cover its financial need, even in such conservative scenario, for the foreseeable future.

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

Signed by

Marco Marlia
Chief Executive Officer
30 March 2023

and

Andrea Servo
Chief Financial Officer
30 March 2023

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.

POST BALANCE SHEET EVENTS

On 14 February 2023, in line with the M&A strategy pursued by the Group, MotorK Italia S.r.l. subscribed a convertible equity loan issued by Smart Mobility Services Spain S.L., convertible at the sole discretion of MotorK, for an amount of €150,000.00 with a due date of 31 December 2023.

RESEARCH AND DEVELOPMENT

During the year ended 31 December 2022 the Group has incurred R&D expenses for an amount of €14.3 million (€7.8 million is 2021) of which €8.7 million capitalized (€3.5 million in 2021).

APPROVAL BY THE BOARD OF DIRECTORS

The report of the Directors was approved by the Board of Directors on 30 March 2023 and signed on its behalf by:

Marco Marlia
Director
30 March 2023

REMUNERATION COMMITTEE REPORT

"In 2022 we worked to develop the Policy with the aim of ensuring competitiveness, alignment, incentivisation and proportionality."

Måns Hultman
Chair of the Remuneration Committee

SECTION 1: 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 has been approved further to a shareholder vote (by way of ordinary resolution) at the 2022 AGM.
3. The Annual Report on Remuneration (the "Report"), which sets out the remuneration outcomes for 2022 and how, subject to shareholder approval, the Committee applied 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 other member is Amir Rosentuler.

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

During 2022, the Committee worked to develop the Policy in line with the relevant corporate governance requirements with the aim of ensuring competitiveness, alignment, incentivisation and proportionality.

The Policy has been designed to provide a remuneration framework that will:
- deliver fair, responsible and transparent remuneration, contributing to creating long-term value by the Company for its stakeholders;
- attract, motivate and retain highly qualified individuals and reward them with a market competitive remuneration package that focuses on achieving sustainable financial results aligned with the long-term business strategy of the Company;
- align the interests of the Directors with the Company's shareholders and other stakeholders; and

- adhere to principles of good corporate governance and appropriate risk management whilst ensuring compliance with competitive market trends and statutory requirements in respect of the societal context around remuneration and the interests of the Company's shareholders and other stakeholders.

Consistent with overarching regulatory requirements and statements set out in the Company's 2021 IPO 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 that effectively drive and support growth, whilst continuing to align with best practice remuneration and governance expectations pursuant to the requirements of the UK reporting regulations and the Dutch Governance Code.

I hope that this report is clear and informative.

Måns Hultman
Chair of the Remuneration Committee

SECTION 2: DIRECTORS' REMUNERATION POLICY

(a) Introduction

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

Procedure

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

It is intended that the Policy will apply for three years starting from its approval at the 2022 AGM. In light of the Committee's efforts to review the Policy to ensure it allows the Committee to offer an appropriate and balanced remuneration package that reflects the size and complexity of the Group, the 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 considered appropriate.

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

Compliance

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

Principles

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

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

1. basic pay is set at a level such as to support the recruitment and retention of Executive Directors of the calibre required to implement the Group's business strategy and is reflective of the individual's skills, experience, performance and role within the Group;
2. 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. The charts are based on the remuneration and on the share value at the time the Policy was adopted.

Illustration of the application of the policy – CEO

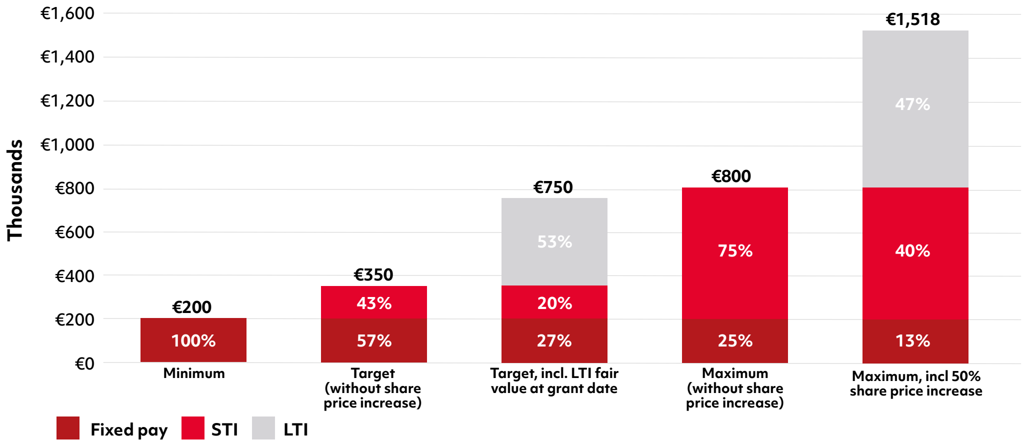
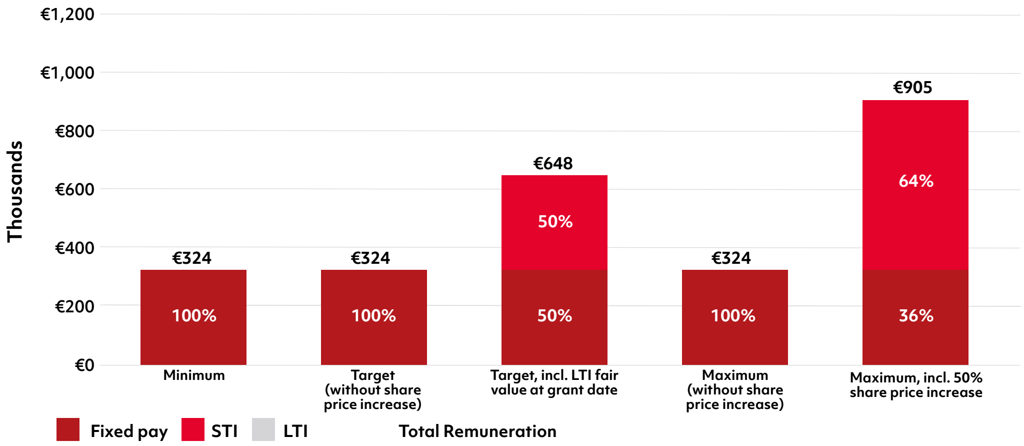


Illustration of the application of the policy – Executive Chairman



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).
- Long-term incentive (conditional equity-based award that vests based on performance).

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

LTIP	**Purpose and link to strategy**	To align the interests of Executives and shareholders in growing the value of the Group over the long-term.
	Operation	LTIP grants are intended to be made annually and consist of Performance Stock Options (although Conditional Share Awards may also be used). These Performance Stock Options will vest over three years in three equal tranches, to the extent the performance conditions are satisfied. The exercise price of the Options will be equal to the market value of a share in the Company as at the date the Options are granted (potentially averaged over a short period pre-grant). Once exercisable, Options may be exercised until the 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 to the extent the performance conditions are satisfied. The same holding period would apply as applies to Performance Stock Options. Malus and clawback provisions apply (see details below).
	Opportunity	The number of Performance Stock Options to be granted and the recipients and quantum will be determined by the Board or Remuneration Committee. The maximum value of Performance Stock Options which may be granted to an Executive Director in any particular financial year is equivalent to 720% of their base salary as at the date of grant. Should the Committee decide to grant Performance Share Awards, the maximum value of Performance Share Awards which may be granted to an Executive Director in any particular financial year is equivalent to 300% of their base salary as at the date of grant. If a combination of Performance Share Awards and Performance Stock Options is granted, the maximum value would be between 300% and 720% of base salary as at the date of grant, adjusted in proportion to the type of award granted. The Committee has the discretion to adjust the formulaic outcome to ensure it reflects the underlying performance of MotorK. A payment equivalent to the dividends accrued on vested shares may be paid at the point of vesting (or in the case of options, exercise) in shares or cash.
	Performance measures	Vesting of LTIP awards is subject to the achievement of performance conditions as outlined below. Each of the performance conditions separately determines part of the vesting of the LTIP award. The relative weighting of the performance conditions may be varied by the Committee to ensure the LTIP best supports MotorK's strategy. The Committee will have discretion to set measures and weightings for awards to best support the strategy of the business at that time, provided that the vesting of at least 80% of the LTIP award will be subject to financial-based performance conditions.

Selection of performance targets

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

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

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

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

Loans

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

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

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

Leaver arrangements

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

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

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

Change of control

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

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

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

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

(d) Malus and Clawback Policy

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

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

(e) Use of discretion

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

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

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

(f) Approach to recruitment remuneration

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

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

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

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

(g) Non-Executive Directors' Remuneration Policy

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

Fee levels for each role are determined after considering the responsibility of the role, the skills and knowledge required and the expected time commitments 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.

(h) Consultation and existing commitments

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

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

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

Chairman's And Non-Executive Directors' Letters Of Appointment

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

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

SECTION 3: DIRECTORS' REMUNERATION REPORT

Directors' emoluments and compensation (audited)

Set out below are the Directors' emoluments for the year ended 31 December 2022 and the year ended 31 December 2021: including the fees related to their roles and responsibilities within the Audit Committee, Remuneration Committee and Selection and Nomination Committee. Directors' emoluments reported below may not be totally paid as of 31 December 2022.

Name of Director	Salary and fees (Euro)	Taxable benefits (Euro)	Pension-related benefits (Euro)	Total fixed remuneration	Annual bonus (Euro)	Stock options granted (Euro)	Total variable remuneration	Total 2022 (Euro)
Amir Rosentuler	356,423[1]	–	57,110[2]	413,533	–	–	–	413,533
Marco Marlia	200,000	4,369	24,526	228,985	75,000	133,994[3]	208,994	437,889
Laurel Charmaine Bowden	2,500	–	–	2,500	–	–	–	2,500
Måns Hultman	37,500	–	–	37,500	–	–	–	37,500
Mauro Pretolani	42,500	–	–	42,500	–	–	–	42,500

1 It includes the remuneration of ILS 1,205,222 translated with the average exchange rate 2022 3.53 EURO/ILS paid by MotorK Israel and the fees related to its roles and responsibilities within Audit Committee, Remuneration Committee and Selection and Nomination Committee for €15,000.
2 (ILS 201,600) translated with the average exchange rate 2022 3.53 EURO/ILS.
3 174,018 shares evaluated with FV determined on the basis of Black-Scholes method of €0.77.

Name of Director	Salary and fees (Euro)	Taxable benefits (Euro)	Pension-related benefits (Euro)	Total fixed remuneration	Annual bonus (Euro)	Stock options granted (Euro)	Total variable remuneration	Total 2021 (Euro)
Amir Rosentuler	119,689[1]	–	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

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

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 2022	Bonus for 2021
Marco Marlia	75,000	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 2022.

Pension

During the year ended 31 December 2022, Marco Marlia received pension contributions of €24,526 and Amir Rosentuler received pension contributions of €57,110.

Payments to past Directors

No payments were made to past Directors during the year ended 31 December 2022.

Payments for loss of office

No payments for loss of office were made during the year ended 31 December 2022.

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 €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 537,965 unvested options in issue pursuant to the Original Share Option Plan and the EMI Share Option Plan, equating to approximately 1.3% of the issued share capital as at 31 December 2022.

Omnibus Long Term Incentive Plan

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

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

Within the frame of the grants to Executive Directors and executive management, the Board of Directors has made use of some discretion within the limits allowed by the remuneration policy. The most notable concerned aspects were the exercise schedule, that is set in three equal instalments over the three-year vesting period instead of in full at the end of it, and the performance conditions, that are 100% linked to ARR growth of at least 25% in 2023. The value of the grants to the Executive Directors, based on the market values at the grant date, were below the salary limits set in the Remuneration Policy in respect of long-term incentives.

Following these grants, the Company has a total of 991,523 unvested options in issue pursuant to the Omnibus LTIP, equating to approximately 2.46% of the issued share capital as at 31 December 2022.

Directors' interest in shares

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

Name of Director	Number of shares at 31 December 2022	Number of shares at 31 December 2021	Unvested share options at 31 December 2022	Vested, unexercised share options at 31 December 2022	Options exercised in the Period 2022
Amir Rosentuler	120,000	120,000	–	1,263,979	–
Marco Marlia	5,481,580	5,481,580	174,018	–	–
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 2022 and 2021 are as follows:

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

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

1 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 performance

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

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

The table below shows the percentage change in salary, taxable benefits and annual bonus set out in the single figure of remuneration tables paid to each Director in respect of the 2021 and 2022 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	98%	N.A.	N.A.
Marco Marlia	–	28%	200%
Laurel Charmaine Bowden	N.A.	N.A.	N.A.
Måns Hultman	650%	N.A.	N.A.
Mauro Pretolani	750%	N.A.	N.A.
Average all employees	12%	-61%	1%

The internal pay ratio is calculated based on the average 2022 remuneration of all Group employees vis-à-vis the 2022 remuneration of the CEO. The internal pay ratio for the year 2022 was 4.24 (4.74 in 2021) for the Chief Executive Officer, Marco Marlia.

Relative importance of spend on pay

The chart below shows the difference in actual expenditure between 2021 and 2022 on personnel costs adjusted for all employees, in comparison to investments for future growth in R&D and M&A chosen as a significant benchmark for this analysis due to its relevance for the strategic plans of the Group.

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

Investments for future growth[1]	Personnel costs
+€8.3 million	+€2 million
93%	+7.3%
2022: €17.2 million	2022: €29.9 million
(2021: €8.9 million)	(2021: €27.8 million)

1 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 2022 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 in case the targets assigned are 100% achieved.

LTIP

The Committee will make awards to the executives within the MotorK Plc Omnibus Long Term Incentive Plan (the "Plan") adopted by the Board on 18 October 2022. Currently, the Committee plans to utilise two performance conditions – the first for 75% of the grant will be based on an ARR achievement, and the second for the remaining 25% of the grant will be based on Adjusted EBITDA. The Committee reserves the right to change such performance conditions as long as the revised conditions meet the requirements of the Plan.

Non-Executive Directors' remuneration

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

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

The remuneration report was approved by the Board on 30 March 2023 and signed on its behalf by:

Måns Hultman
Chair of the Remuneration Committee and Director

FINANCIAL STATEMENTS

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 2022 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 2022 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 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 their preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied to 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 ADOPTED BY THE EUROPEAN UNION

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

In our opinion the Group financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 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. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:
- A review of the Director's assessment of going concern including the potential impact of the reduction of recurring revenues and its impact on year end cash.
- Testing around the cash raised as part of the sale of discontinued operations and 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.
- A comparison of the historic and forecast cash usage relative to the existing and forecast funds available.
- Consideration of the Director's sensitivity analysis along with performing further sensitivities on the revenue, personnel costs trajectory, capitalisation of costs and their affect on the forecast covenant measurements.
- A review of whether the disclosures are appropriate for the circumstances of the entity and provide sufficient information about the Group and its subsidiaries and the Directors' consideration of their ability to continue as a going concern.

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

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

OVERVIEW

Coverage[1]	99% (2021: 98%) of Group profit before tax 99% (2021: 98%) of Group revenue 99% (2021: 97%) of Group total assets		
Key audit matters	Revenue recognition	2022 ✓	2021 ✓
Materiality	Group financial statements as a whole €770,000 (2021: €550,000) based on 2% (2021: 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 19 (2021: 16) reporting components, 2 (2021: 2) were identified as significant and material with full scope audit procedures being performed for group purposes and 13 (2021: 6) were identified as non-significant but material where specific balances and risks were identified as being in scope for audit purposes. We conducted reviews of financial information (including enquiry) at a further 4 (2021: 8) not-significant or immaterial components.

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

Our involvement with component auditors

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

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

1 These are areas which have been subject to a full scope audit by the group engagement team and specified audit procedures performed by the group engagement team and the component auditor teams.

OPINION ON THE FINANCIAL STATEMENTS CONTINUED

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition Refer to the Accounting Policies of the Group in Note 5 for further detail on the policies impacting revenue recognition together with Note 7 detailing the estimation uncertainty over valuation of customer contracts and Note 9 for the financial disclosure of revenue.	The amounts reported in relation to revenue represent information of significant interest to many users of the financial statements. This puts revenue at a greater risk of manipulation, bias and misstatement. As a software company the Annual Rateable Revenue (ARR) is a Key Performance Indicator (KPI) of interest to investors; hence there could be an incentive to manipulate this figure. This ARR KPI is derived from December 2022 monthly annualised live contracts. There is a risk that either this calculation is manipulated or else contract commencing in 2023 are recognised earlier than they should be in the worn financial year. We therefore considered this to be a key audit matter.	We have • We obtained a sample of contracts to check that the revenue recognition was in line with the contractual terms specifically considering when control was passed to a customer for both licence and maintenance revenues and the performance obligations had been fulfilled; • Tested the percentage of revenue identified as maintenance revenue back to support and benchmarked against market expectations; • A sample of new contracts signed around year end were selected and the evidence obtained to test when their go-live SaaS performance obligation had been met and hence when their revenue should have been recognised. • Samples of recurring contracts were also selected to check they matched the brought-forward invoicing pattern where still within the prior year contract or else was been supported by a new executed contract. • We selected and obtained support for non-standard journals to revenue. • Challenges were raised to management over the point when the licence revenue "performance obligation" had been delivered. • We agreed a sample of accrued, deferred income and credit notes to supporting documentation to check recorded in the correct period. • We tested the ARR disclosure to check it was sufficiently well explained, defined and reconciled. We tested the computational accuracy of the ARR. **Key observations** We did not identify any indicators to suggest that the revenue recognition was inappropriate.

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	
	2022	2021	2022	2021
Materiality	€770,000	€550,000	€420,000	€285,000
Basis for determining materiality	2% of group revenue	2% of group revenue	Based on group allocated materiality	Based on group allocated materiality
Rationale for the benchmark applied	We considered revenue to a key performance measure for users to evaluate the financial performance of this business in its growth phase.		Calculated based on Group materiality given the assessment of aggregation risk for the Group	
Performance materiality	€501,000	€358,000	€273,000	€214,000
Basis for determining performance materiality	Performance materiality was set at 65% (2021: 65%) of materiality, taking into account various factors including the expected total value of known and likely misstatements, brought forward misstatements, the number of material estimates, the spread of results within the group and the expected use of sample testing.		Performance materiality for the Parent Company was set at 65% (2021: 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

For the purposes of our Group audit opinion, we set materiality for the one significant component of the Group, apart from the Parent Company whose materiality is set out above, at 90% (2021: 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 €732k (2021: €523k). In the audit of each component, we further applied performance materiality levels of 65% (2021: 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 €31,000 (2021: €21,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

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

We have nothing to report in this regard.

OPINION ON THE FINANCIAL STATEMENTS CONTINUED

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 and the part of the Directors' remuneration report to be audited 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 electronic reporting format is regulated that the annual financial report of MotorK 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 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 XHTML instance document and XHTML 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' responsibility 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:

Non-compliance with laws and regulations

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

We considered the significant laws and regulations to be accounting standards, Euronext, Companies Act 2006, Euronext and certain requirements from tax legislation.

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

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

OPINION ON THE FINANCIAL STATEMENTS CONTINUED

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance including Audit committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

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

Our procedures in respect of the above included:

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

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

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

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

USE OF OUR REPORT

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

DocuSigned by:
Owen Pettifor
823F4A29B9CA448...

Owen Pettifor (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK
30 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

€'000	Note	For the year ended 31 December 2022	For the year ended 31 December 2021
Revenue	9	**38,547**	**27,560**
Cost for customers media services	10	7,028	6,654
Personnel costs	10	29,864	27,828
R&D capitalisation	10	(8,707)	(3,490)
Other operating costs	10	15,216	8,689
Amortisation and depreciation	10	8,013	4,235
Total costs	10	**51,414**	**43,916**
Operating loss		**(12,867)**	**(16,356)**
Finance expense	11	(1,235)	(4,818)
Finance income	11	231	11
Loss before tax		**(13,871)**	**(21,163)**
Corporate income tax	12	(140)	(2,765)
Loss from continuing operations		**(14,011)**	**(23,928)**
Profit after income tax of discontinued operation	24	6,734	403
Loss for the period		**(7,277)**	**(23,525)**
Attributable to:			
Owners of the parent		(7,277)	(23,525)
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	679	(20)
Gains/(losses) on exchange differences from translation of financial statements of foreign entities that will be reclassified subsequently to the income statement	28	126	(110)
Total comprehensive loss		**(6,472)**	**(23,655)**
Attributable to:			
Owners of the parent		(6,472)	(23,655)
Total comprehensive income/(loss) for the period attributable to owners of the parent arises from:			
Continuing operations		(13,206)	(24,058)
Discontinued operations	24	6,734	403
Basic and diluted EPS			
Loss for the period	26	(0.18)	(0.79)
Loss from continuing operations	26	(0.35)	(0.80)
Profit from discontinued operations	26	0.17	0.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€'000	Note	As at 31 December 2022	As at 31 December 2021
Intangible assets	13	36,757	17,953
Property, plant and equipment	14	5,000	3,076
Investments in associate companies	15	3,538	–
Non-current assets – security deposits	15	194	106
Non-current contract assets	16	7,294	5,059
Non-current assets		**52,783**	**26,194**
Trade and other receivables	16	13,058	7,441
Contract assets	16	13,440	8,521
Cash and cash equivalents	17	19,223	43,257
Assets classified as held for sale	24	–	4,163
Current assets		**45,721**	**63,382**
Total assets		**98,504**	**89,576**
Trade and other payables	18	12,021	8,257
Tax payable	18	3,842	2,945
Current financial liabilities	19	676	1,922
Current lease liabilities	19	972	790
Provisions	22	551	366
Liabilities directly associated with assets classified as held for sale	24	–	885
Current liabilities		**18,062**	**15,165**
Employees benefit liability	20	1,895	2,069
Deferred tax liabilities	21	1,471	659
Non-current financial liabilities	19	7,618	4,200
Non-current lease liabilities	19	3,665	2,046
Provisions	22	3,987	1,040
Non-current liabilities		**18,636**	**10,014**
Total liabilities		**36,698**	**25,179**
Share capital	23	403	403
Share premium*	23	68,754	72,754
Merger reserve*	23	3,627	1,397
Earn-out reserve	23	798	–
Accumulated losses	23	(11,776)	(10,157)
Total equity		**61,806**	**64,397**
Total liabilities and equity		**98,504**	**89,576**

*The prior year accounts had incorrectly presented €1,397 thousand within Share Premium which should be within Merger Reserve from shares issued as part of total consideration by MotorK plc – parent company for acquisitions made during the year. Under the Companies Act 2006, the Group/MotorK plc cannot apply the premiums on the shares issued at a premium by MotorK plc
to obtain 100% of voting rights in the acquirees. This has been restated in the current year presentation of the comparative. The restatement does not impact total net assets and profit for the relevant years.

The financial statements on pages 77 to 80 were approved and authorised for issue by the Board of Directors on 30 March 2023 and were signed on its behalf by:

Marco Marlia
Chief Executive Officer
30 March 2023

CONSOLIDATED STATEMENT OF CASH FLOWS

€'000	For the year ended 31 December 2022	For the year ended 31 December 2021
Loss for the period from continuing operations	(14,011)	(23,928)
Profit for the period from discontinued operations	6,734	403
Adjustments for:		
Depreciation of property, plant and equipment	1,200	944
Amortisation of intangible fixed assets	6,813	3,291
Gain from discontinued operations	(7,767)	–
Finance income	(231)	(11)
Finance expense	1,235	4,818
Income tax expense	140	2,765
Share-based payment expense	1,543	9,714
Earn-out accrual	1,879	89
Other non monetary movements	126	362
Cash outflow from operating activities before changes in net working capital	**(2,339)**	**(1,553)**
(Increase)/decrease in trade and other receivables and contract assets	(9,127)	(3,227)
Increase/(decrease) in trade and other payables	1,865	1,058
Increase in provisions and employee benefits	588	218
Cash outflow from operations	**(9,013)**	**(3,504)**
Income taxes paid	(150)	(127)
Net cash flows from operating activities	**(9,163)**	**(3,631)**
Investing activities		
Cash outflow on acquisition of subsidiaries (net of cash acquired)[1]	(8,467)	(5,350)
Purchase of intangible assets	(8,760)	(3,729)
Purchases of property, plant and equipment	(315)	(135)
Non-current assets – security deposits	(74)	174
Proceeds from disposal of assets available for sale	4,011	–
Net cash (used in) investing activities	**(13,605)**	**(9,040)**
Financing activities		
Proceeds for issue of shares	–	74,750
Buy-back programme	(694)	
IPO cost paid	–	(4,685)
Bank loans repaid	(521)	(18,235)
New bank and other loans	2,150	–
Capital element of lease liabilities repaid	(927)	(836)
Interest paid on bank and other loans	(1,130)	(6,814)
Interest paid on lease liabilities	(144)	(76)
Net cash from financing activities	**(1,266)**	**44,104**
Net increase in cash and cash equivalents	**(24,034)**	**31,433**
Cash and cash equivalents at beginning of period	**43,257**	**11,824**
Cash and cash equivalents at end of period	**19,223**	**43,257**

1 It includes contingent consideration paid in cash during FY2022 related to acquisition made in FY2021 for €0.1 million.

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*	Merger reserve*	Earn-out reserve	Retained earnings	Total attributable to equity holders of parent
1 January 2021	**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
Shares to be issued					89	89
Reserve IPO costs		(4,685)				(4,685)
Capital reduction		(14,000)			14,000	–
Total contributions by and distributions to owners	**130**	**60,588**	**1,397**	**–**	**23,803**	**85,918**
31 December 2021	**403**	**72,754**	**1,397**	**–**	**(10,157)**	**64,397**
Comprehensive income for the year						
Loss for the period					(7,277)	(7,277)
Other comprehensive income						
Translation reserve					126	126
Defined benefit pension scheme					679	679
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(6,472)**	**(6,472)**
Contributions by and distributions to owners						
Issue of shares	4		2,230			2,234
Share-based payment					1,543	1,543
Shares to be issued				798		798
Buy back programme[1]	(4)				(690)	(694)
Capital reduction		(4,000)			4,000	0
Total contributions by and distributions to owners	**–**	**(4,000)**	**2,230**	**798**	**4,853**	**3,881**
31 December 2022	**403**	**68,754**	**3,627**	**798**	**(11,776)**	**61,806**

1 MotorK bought its own shares and cancelled them.

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.

*The prior year accounts had incorrectly presented €1,397 thousand within Share Premium which should be within Merger Reserve from shares issued as part of total consideration by MotorK plc – parent company for acquisitions made during the year. Under the Companies Act 2006, the Group/MotorK plc cannot apply the premiums on the shares issued at a premium by MotorK plc to obtain 100% of voting rights in the acquirees. This has been restated in the current year presentation of the comparative.
The restatement does not impact total net assets and profit for the relevant years.

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 5th Floor One New Change, London, England, EC4M 9AF, listed from November 2021 on Euronext Amsterdam.

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

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

As of 31 December 2022, the main shareholders of the Parent Company are Marco Marlia, original founder and CEO of the Group who hold approximately 13.7% of the share capital, Marco de Michele and Fabio Gurgone both own 13.18%, and 83 North, who directly holds approximately 20% of the share capital.

These consolidated financial statements as of and for the year ended 31 December 2022 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 by nature; and
- 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. The financial statements are prepared in Euro (which is also the functional currency), rounded to the nearest thousand. They are prepared on the historical cost basis with the exception of certain items which are measured at fair value as disclosed in the accounting policies below. The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

2.2 Subsidiaries of MotorK Plc included in the consolidated financial statements

The consolidated financial statements include the financial statements of the Parent Company, MotorK plc, and its subsidiaries. Where necessary, specific adjustments were made at the consolidated level to standardise the Group's financial statements to the UK adopted IFRS accounting standards.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. SUMMARY OF THE ACCOUNTING STANDARD USED CONTINUED

Below, we report the list of companies included in consolidated financial statements prepared by the Parent Company, MotorK Plc, as at 31 December 2022, indicating the share capital held by the Group. MotorK Italia Srl. is directly controlled by MotorK Plc. All the other subsidiaries are indirectly controlled.

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 2022	2021	2020
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%
MotorK Israel Ltd	Israel	100%	100%	–
DealerK Technology Solutions, Unipessoal Lda	Portugal	100%	100%	–
DriveK Italia S.r.l.	Italy	100%	100%	–
FusionIT	Belgium	100%	–	–
FranceProNet SaS	France	100%	–	–
SFD SaS	France	100%	–	–
ICO International GmbH	Germany	100%	–	–
AutoXY SpA	Italy	20%	–	–
3W Net Sarl[1]	France	–	–	100%
Fidcar SAS	France	–	100%	–
Liotey Sarl	France	–	100%	–
PDA DAPDA SL	Spain	–	100%	–
DAPDA Media SL	Spain	–	100%	–
DriveK France SAS	France	–	100%	–
DriveK Solution SL	Spain	–	100%	–

1 Merged into MotorK France starting from 1 June 2021.

During the financial year 2022, the consolidation area changed as a result of the following operations:

- On 1 February 2022, MotorK Group completed the acquisition of FranceProNet SAS and SFD SAS (together, "FranceProNet"), top-tier French digital agencies specialised 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.
- On 31 May 2022, MotorK Group completed the acquisition of FusionIT (also known as "Carflow") an automotive retail solutions provider that serves more than 400 car dealers and major automotive OEMs in Belgium, the Netherlands and Luxembourg. The acquisition of Carflow is consistent with MotorK's strategy to expand its operations into new markets. MotorK management believes that the deal will enhance the value for shareholders through the creation of a new commercial hub into the Benelux region and new attractive revenue cross-sell opportunities.
- On 28 July 2022, MotorK Group completed the acquisition of ICO International GmbH (also known as "Webmobil24") a German software provider of stock management solutions and e-commerce platforms to automotive dealers and OEMs. Over the past 20 years, Webmobil24 has established itself as a key player in the German automotive digital landscape thanks to its innovative offering which covers the entire spectrum of vehicle inventory management needs, leveraging the expansion of MotorK Group into the German market. This acquisition marked another decisive step in the development of MotorK's European footprint.
- Merger of Fidcar SAS and Liotey Sarl into MotorK France and with accounting and tax effects effective from January 2021 aiming at simply the legal entities structure and organisations in France.
- Merger of PDA DAPDA SL and DAPDA Media SL into MotorK Spain Gestiones Comerciales with accounting and tax effects effective from January 2021 aiming at simply the legal entities structure and organisations in Spain.
- On 15 December 2022, MotorK Group has completed the selling of the DriveK business unit (classified as held for sale in the Annual Report prepared for the year ended 31 December 2021) to Gedi Gruppo Editoriale S.p.A (the "Buyer").

2. SUMMARY OF THE ACCOUNTING STANDARD USED CONTINUED

The transaction involved the contribution in-kind of the DriveK business unit (including the equity investments in DriveK France SAS and DriveK Solution SL) into Auto XY SpA (entity 100% controlled by Gedi Gruppo Editoriale S.p.A.). The consideration received by MotorK Group was paid by the Buyer was partially in cash and partially through the transfer of the 20% of shares in AutoXY SpA.

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 Milan, Italy
MotorK Spain Gestioness Comerciales	Calle Muntaner 305 Planta PR Puerta 2 – 08021 – Barcelona, Spain
MotorK Deutschland GmbH	Destouchesstr. 68 – 80796 – München, Germany
MotorK France Sarl	168, avenue Charles De Gaulle 9220 Neuilly-sur-Seine – Paris, France
For Business Srl	Via Ludovico D'Aragona, 9 – 20132 Milan, Italy
MotorK Israel Ltd	3 Arik Einstein St Herzliya, Israel
DealerK Technology Solutions, Unipessoal Lda	Avenida de República n50, 10 – 1069 – 211 Lisbon, Portugal
DriveK Italia S.r.l.	Via Ludovico D'Aragona, 9 – 20132 Milan, Italy
FusionIT	Mechelsesteenweg 203 box 2, 2018 Antwerp, Belgium
ICO International GmbH	Berner Straße 107 – 60437 Frankfurt am Main, Germany
FranceProNet SaS	61 Rue Pierre Cazeneuve – 31200 Toulouse, France
SFD SaS	61 Rue Pierre Cazeneuve – 31200 Toulouse, France
AutoXY SpA	via Maremonti n. 41– Lecce, Italy

2.3 Basis for consolidation

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

Subsidiaries

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

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

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 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. SUMMARY OF THE ACCOUNTING STANDARD USED CONTINUED

Assets held for disposal

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

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

Business combinations

Business combinations are recorded according to the acquisition method.

According to this method:

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

3. GOING CONCERN

In preparing the financial statements, management has applied going concern assumption based on its assessment of the Company's ability to continue as a going concern. In making such assessment, management has considered the strong cash position of the Group, the expectation of the Company's future performance and the excellent results in terms of growth of the year 2022.

Management has prepared a Business Plan covering the period 2023-2027 showing that the company has the resources to cover its financial need for the foreseeable future. As per the Business Plan, during FY 2023 and 2024 it is forecasted to burn a certain amount of cash so that cash and cash equivalents at year end 31 December 2024 will land in a positive territory with 2024 showing a stabilization towards cash flow breakeven. Sensitivity analysis over a potential reduction of recurring revenue of respectively 10% and 20% have been prepared by management, showing that the Group has enough resources to cover its financial need, even in such conservative scenario, for the foreseeable future.

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

4. ACCOUNTING STANDARDS IN FORCE FROM 1 JANUARY 2022 AND INTERPRETATIONS APPLICABLE AT A FUTURE DATE

4.1 New standards and amendments effective from January 1, 2022

The following new standards and amendments effective from January 1, 2022, were adopted by the Group for the preparation of these Consolidated Financial Statements.

In May 2020, the International Accounting Standards Board (IASB) issued amendments to IFRS 3 – Business combinations to update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. There was no effect from the adoption of these amendments.

In May 2020, the IASB issued amendments to IAS 16 – Property, Plant and Equipment. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company should recognise such sales proceeds and the related cost in the income statement. There was no effect from the adoption of these amendments.

In May 2020, the IASB issued amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, which specify which costs a company includes when assessing whether a contract will be loss-making. There was no effect from the adoption of these amendments.

In May 2020, the IASB issued Annual Improvements to IFRSs 2018 – 2020 Cycle. The improvements have amended four standards: i) IFRS 1 – First-time Adoption of International Financial Reporting Standards in relation to allowing a subsidiary to measure cumulative translation differences using amounts reported by its parent, ii) IFRS 9 – Financial Instruments in relation to which fees an entity includes when applying the '10%' test for derecognition of financial liabilities, iii) IAS 41 – Agriculture in relation to the exclusion of taxation cash flows when measuring the fair value of a biological asset, and iv) IFRS 16 – Leases in relation to an illustrative example of reimbursement for leasehold improvements. There was no effect from the adoption of these amendments.

4.2 New standards, amendments and interpretations not yet effective

The standards, amendments and interpretations issued by the IASB that will have mandatory application in 2023 or subsequent years are listed below:

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.

The new standard and amendments are effective on or after January 1 2023. The Group does not expect any material impact from the adoption of these amendments.

In February 2021, the IASB issued amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies which require companies to disclose their material accounting policy information rather than their significant accounting policies and provide guidance on how to apply the concept of materiality to accounting policy disclosures. These amendments are effective on or after January 1 2023. The Group does not expect any material impact from the adoption of these amendments.

In February 2021, the IASB issued amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates which clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. These amendments are effective on or after January 1 2023. The Group does not expect any material impact from the adoption of these amendments.

In May 2021, the IASB issued amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities Arising From a Single Transaction that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. These amendments are effective on or after January 1, 2023. The Group does not expect any material impact from the adoption of these amendments.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. ACCOUNTING STANDARDS IN FORCE FROM 1 JANUARY 2022 AND INTERPRETATIONS APPLICABLE AT A FUTURE DATE

In December 2021, the IASB issued an amendments to IFRS 17 – Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information, which provides a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. The amendment is effective on or after January 1 2023. The Group does not expect any material impact from the adoption of this amendment.

In September 2022, the IASB issued amendments to IFRS 16 – Leases: Liability in a sale and leaseback to improve the requirements for sale and leaseback transactions, which specify the measurement of the liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right-of-use it retains. These amendments are effective on or after January 1 2024. The Group does not expect any material impact from the adoption of these amendments.

In October 2022, the IASB issued amendments to IAS 1 – Presentation of Financial Statements: Non-current Liabilities with Covenants, that clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. These amendments are effective on or after January 1 2024. The Group does not expect any material impact from the adoption of these amendments.

In January 2020, the IASB issued amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current to clarify how to classify debt and other liabilities as current or non-current, and in particular how to classify liabilities with an uncertain settlement date and liabilities that may be settled by converting to equity. These amendments are effective on or after January 1, 2024. The Group does not expect any material impact from the adoption of these amendments.

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	7/8/10/12/15 years	Estimated discounted cash flow
Trademark	5/6 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).

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred. Development costs incurred on an existing assets are capitalized only in case such costs increment the functionality of the asset.

5. ACCOUNTING POLICIES CONTINUED

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.

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. ACCOUNTING POLICIES CONTINUED

Impairment of property, plant and machinery, right of use assets 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, right of use assets 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 indefinite useful economic lives

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

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

Transactions and balances

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively). In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

5. ACCOUNTING POLICIES CONTINUED

Group companies

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

Financial assets

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

a) Financial assets valued at amortised cost

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

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

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 recognised 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 recognised 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. ACCOUNTING POLICIES CONTINUED

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, trade payables, provisions and other payables.

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

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

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

Trade and other payables are initially recognised at fair value and subsequently measured using the amortised cost method.

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 2022, 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.

5. ACCOUNTING POLICIES CONTINUED

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 and discontinued operations

The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in Note 24. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Revenue from contract with customers

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

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

Revenues from cloud-based SaaS platforms

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

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

5. ACCOUNTING POLICIES CONTINUED

Revenues from "lead generation" services are recognised point in time in the moment in which the leads are generated for our customers. Such revenue are not related to cloud-based SaaS platforms contracts. The identification of such performance obligation is not a key judgment.

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

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

Contract balance

a) Contract assets

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

b) Contract liabilities

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

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

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

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Judgements

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

Calculation of Adjusted EBITDA

Due to its nature not strictly inherent to the business performance of the Group, management has identified as exceptional costs for the definition of Adjusted EBITDA the following elements:

- external costs related to M&A as one-off transactions and, as a consequence, costs not strictly inherent to the performance of the business;
- external costs incurred for one-off projects that will not be repeated in the future;
- severance indemnity costs paid to employees who left the company and that the Group will not incur in the future (one-off costs);
- contingent considerations related to the acquisition made that are automatically forfeited if key employees terminate as one-off transaction related to M&A acquisition.
- stock option plan costs as non-cash transactions.

Development costs

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

In making judgment and assumptions we have considered climate-related matters and concluded that such matters have no material impact on our business and the assumptions impact on the financial statements.

ESTIMATES AND ASSUMPTIONS

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

Revenue recognition of SaaS platform contracts

Revenues related to the SaaS platform contracts value are split into two separate performance obligations: i) revenue recognized point in time in the moment in which the access to the platform is granted to the customer and ii) revenue related to post-contract support activities. The allocation of the contract consideration on the two different performance obligations is considered by management a critical accounting estimates as it based on available historical data and future assumptions. The most significant portion of the consideration is allocated to the performance obligation related to the access to the platform. Revenue related to post-contract support activities are estimated on the basis of historical trends of basic maintenance, bug-fixing and hosting costs. A different estimation of the allocation of the customer consideration on the two performance obligations may have an impact in terms of higher or lower revenue to be deferred into the next years and consequently on the revenue booked during the year 2022.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

from the business plan for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 13.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses the Black and Scholes Model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 23.

8. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

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

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

Capital risk management

The Group defines capital as the total equity of the Group. The Group's capital is made up of share capital, share premium and retained earnings totalling €61.8 million (€64.4 million as at 31 December 2021).

The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from operating cash flow and issuance of shareholders' equity and borrowings. Financial covenants on the loan in place with Illimity Banks are in place. Such covenants are monitored on a regular basis by management. As at 31 December 2022 financial covenants are met.

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

Credit risk

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

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

8. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

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

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department. Counterparty banks are assessed prior to opening bank accounts and on an ongoing basis to ensure exposure to credit risk is at an acceptable level. Investments of surplus funds are made only with counterparties with a high level of standing with the aim of minimizing the concentration of risks and therefore mitigate potential financial loss. Cash and cash equivalents are deposited into ordinary banks accounts with top rated banks.

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

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

€'000	Not overdue	Overdue by less than 1 month	Overdue by 1-2 month	Overdue by more than 2 months	Total
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**
Gross trade receivables as at 31 December 2022	7,556	1,985	514	1,825	11,880
Allowance for doubtful receivables	–	–	–	(533)	(533)
Trade receivables as at 31 December 2022	**7,556**	**1,985**	**514**	**1,292**	**11,347**

Foreign exchange risk

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

Liquidity risk

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

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 2022, these projections indicated that MotorK Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

8. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

It is worth mentioning that part of the capital received by the Group following the listing on Euronext Amsterdam was used to reimburse the financial liabilities in place at the date of the IPO. During 2021, the Group reimburse loans for a total amount of €18.2 million. During January 2022, the Group completed the reorganisation of its financial structure repaying the loan in place with Creval for €0.5 million and refinancing the loan with Illimity Banks by obtaining fresh liquidity for €1.8 million with a longer maturity date and reducing borrowing costs and obtaining a new loan from SACE SIMEST for €0.3 million. Following such operations, as of 31 December 2022, the financial position is a net cash short and long-term position of €6.4 million.

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 2022 and 2021:

€'000	As at 31 December 2022 Within 1 year	2-5 years	Over 5 years	Contract value	Carrying amount
Financial liabilities	1,046	8,404	–	9,450	8,294
Lease liabilities	1,245	3,194	1,035	5,474	4,637
Trade and other payables	8,391	–	–	8,391	8,391

€'000	As at 31 December 2021 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*	5,476	–	–	5,476	5,476

*The prior year disclosure had incorrectly presented €11,202 thousand which included non-contractual (i.e., statutory taxes) liabilities. This has been restated in the current year presentation of the comparative. As such the original €11,202 thousand should have been corrected to be €5,476 thousand where the difference of € 5,726 thousand is the other non-contractual amounts subsumed within "Other payables including tax and social security payments" and "Tax Payable".

Interest rate risk

As at 31 December 2022, the exposure to interest rate risk is not considered significant taking into account that there is only one financial loan with variable interest rates in place amounting to €7.5million. An increase of Euribor of 1% has an impact on the profit and loss of the Group of roughly €75,000 not significant for Group purposes.

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.

On the 20% of investments into AutoXY S.p.A. owned by MotorK Italia S.r.l. (Investments in associated companies) has been granted a reciprocal put and call option. Relevant disclosure is included in the note 24. Discontinued operations.

Financial assets

The following tables shows financial assets by category, as defined by IFRS 9, as at 31 December 2022 and 2021:

€'000	2022	2021
Financial assets at amortised cost		
Non-current assets – security deposit	194	106
Trade receivables	11,347	5,720
Other receivables	59	355
Cash and cash equivalents	19,223	43,257
Trade and other receivables classified as held for sale	–	2,238
Total	**30,823**	**51,676**

8. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

The carrying value of financial assets 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 2022 and 2021:

€'000	2022	2021
Financial liabilities at amortised cost		
Trade and other payables*	8,391	5,476
Current financial liabilities	676	1,922
Current lease liabilities	972	790
Trade payables classified as held for sale	–	430
Non-current financial liabilities	7,618	4,200
Other non-current liabilities	–	–
Non-current lease liabilities	3,665	2,046
Total	**21,322**	**14,864**

*The prior year disclosure had incorrectly presented omitted accruals and other payables for €3,632 thousand. This has been restated in the current year presentation of the comparative. The carrying value of financial liabilities approximates fair value.

Fair value measurement hierarchy

The financial instruments measured at fair value are presented on the basis of the fair value hierarchy, described below:

Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – valuation techniques for which the inputs are unobservable for the asset or liability.

9. REVENUE

Group revenue for the year ended 31 December 2022 amounted to €38.5 million, up 40% year-on-year (€ 27.6 million as at 31 December 2021).

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following tables. Please refer to the Financial and Operating Review section for further revenue disaggreagation helpful to understand the performance of the Group.

	For the year ended 31 December 2022			
€'000	SaaS platform	Digital marketing	Other revenues	Total
Primary geographic market				
Italy	16,930	6,673	2,409	26,012
Spain	3,732	537	160	4,429
France	4,674	–	594	5,268
Germany	1,281	–	1	1,282
Benelux	1,541	–	15	1,556
Total	**28,158**	**7,210**	**3,179**	**38,547**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9. REVENUE CONTINUED

€'000	For the year ended 31 December 2021 SaaS platform	Digital marketing	Other revenues	Total
Primary geographic market				
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**

Revenues related to SaaS platform contracts amounts to €28.1 million as at 31 December 2022, compared with €16.3 million as at 31 December 2021. The increase compared with last year is related both by organic growth 36% year-on-year and by the acquisitions completed during the. Such revenues are mainly related of the following three products:

- "WebSpark", the web module with high technical and design-standards and 138 functionalities specifically developed for the automotive sector.
- "StockSpark" a stock management module created to manage and import stock (i.e. a set of information data, images) from multiple sources and export it online to maximise visibility for prospective purchasers through the integration of external channels and the CRM module.
- "LeadSpark", a customisable lead management, CRM and marketing automation system module, specifically developed to help dealerships and car manufacturers.

SaaS platform revenues are recognised on the basis of two different performance obligations implied in the agreements:

- point in time at the date of the delivery of the access to the platform for which the costs necessary for the development, use and basic operation of the product have already been incurred; and
- over the time of the agreement in relation to the post-contract support activities.

Digital marketing revenues amounting to €7.2 million as at 31 December 2022, compared with €7.7 million as at 31 December 2021, are related to services for the dealer in order to acquire enhanced online traffic. Slight reduction compared to the previous year is mainly related to the reduction of marketing campaign of dealers during FY 2022.

Other revenues amounting to €3.2 million as at 31 December 2021, compared with €3.6 million as at 31 December 2021, mainly include revenues for training activities.

10. GROUP OPERATING LOSS

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

€'000	2022	2021
Cost for customers media services	7,028	6,654
Personnel costs	29,864	27,828
R&D capitalisation	(8,707)	(3,490)
Other operating costs	15,216	8,689
Amortisation and depreciation	8,013	4,235
Total costs	**51,414**	**43,916**

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

€'000	2022	2021
Wages and salaries	19,215	13,325
Social security costs	5,943	3,671
Employee benefit pension cost	758	557
Severance indemnity	526	435
Earn-out payments costs	1,879	126
Stock option plan cost	1,543	9,714
Total	**29,864**	**27,828**

10. GROUP OPERATING LOSS CONTINUED

The increase of the caption wages and salaries compared with last year is mainly due to the increase of the average number of employees (363 in FY2022 compared to 267 in FY 2021). Wages and salaries include the directors' emoluments paid in 2022 (full details are given in the Directors' remuneration report on pages 58-68). For the disclosure related to the highest paid Director please refer to the Directors' remuneration report.

Stock option plan cost includes the accrual of the stock option costs as required by IFRS 2. Further details are provided in note 23. The decrease compared with the last year is mainly related to the 2021 one-off vesting of a certain amount of stock options at the day of IPO. Severance indemnity, earn-out payments and stock option plan cost are considered exceptionals for the purpose of definition of Adjusted EBITDA as not strictly inherent to business performance of the Group.

Earn-out payment costs are related to expenses accrued on a straight-line basis on the basis of the earn-out mechanism in place with the previous shareholders of the Company acquired in December 2021 and in the year 2022. In particular, IFRS 3 provides that contingent considerations that are automatically forfeited if key employees terminate is not considered as part of the consideration paid but as remuneration for post-combination services.

Other operating expenses financial statement line includes mainly:
- consultant fees for legal, fiscal and administrative HR consultants and R&D activities of approximately €6 million;
- software costs for €2.3 million;
- server costs for €1.3 million;
- travel costs for €0.7 million;
- events for €0.4 million;
- insurance costs for €0.4 million;
- exceptional costs for €1.1 million; and
- other costs not included in the above categories for €3 million.

Exceptional costs are related to costs incurred for M&A and one-off projects completed during the year and as a consequence not strictly inherent to business performance of the Group.

Adjusted EBITDA is then calculated as follows: operating loss plus amortisation, depreciation, exceptional costs, severance indemnity, stock option plan cost and earn-out payments costs (as disclosed above).

The increase compared with last year is mainly related to the change of perimeter due to the acquisition made for €3 million and the increase of consultant fee sustain to boost the growth of the Group and to be compliant with the requirements of being a listed Group.

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

€'000	2022	2021
Audit of the Group's financial statements	183	143
Other[1]	–	353

1 includes in 2021 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 €6.8 million for the year ended 31 December 2022 (€3.3 million for the year ended 31 December 2021) mainly related to development costs capitalised; and
- depreciation of tangible assets for approximately €1.2 million for the year ended 31 December 2022 (€0.9 million for the year ended 31 December 2021).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. FINANCE INCOME AND EXPENSE

Finance income and expense are shown in the following tables:

€'000	2022	2021
Interest received on bank deposits	8	–
Gain on foreign exchange	223	11
Total finance income	**231**	**11**

€'000	2022	2021
Bank loans	481	549
Loss on foreign exchange	228	102
Other loans	14	1,645
Net interest expense on defined benefit pension scheme	25	13
Loss on derivative contracts	–	2,327
Other finance expense	487	182
Total finance expense	**1,235**	**4,818**

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

12. CORPORATE INCOME TAX

Corporate income taxes are shown in the following table:

€'000	2022	2021
Current tax on profits for the period	–	–
R&D tax grants	306	150
Foreign subsidiaries income taxes	(621)	(2,236)
Adjustment relating to prior periods	2	(9)
Total current tax	**(313)**	**(2,095)**
Origination and reversal of temporary differences	173	(670)
Total deferred tax	**173**	**(670)**
Corporate income tax	**(140)**	(2,765)

The caption R&D tax grants is related to tax grants recognised by Italian tax authorities in relation to R&D expenses incurred during the year.

Foreign subsidiaries income taxes include the accrual for corporate income taxes to be paid mainly in France, Portugal, Germany and Israel.

Group has estimated trading losses carried forwarded in the UK for an amount of approximately €25 million and in Italy for an amount of approximately €21 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 €10.6 million have not been recognised due to the uncertainty in the timing in which such loss will be utilised.

12. CORPORATE INCOME TAX CONTINUED

The income taxes for the year are reconciled with the theoretical tax burden in the following table:

€'000	2022	2021
Loss before tax (discontinued and continuing operations)	(7,137)	(20,760)
Tax using the Company's domestic tax rate of 19.0%	(1,356)	(3,944)
R&D expenditure credit	(306)	–
Other expenditure credit	0	(150)
Foreign subsidiaries income taxes	621	2,236
Unrecognised deferred tax assets	3,115	4,626
Capital Gain DriveK business combination[1]	(1,872)	–
Other movements	(62)	(3)
Total tax (credit)	**140**	**2,765**

1 Contribution in-kind made by MotorK Italia S.r.l. to AutoXY S.p.A. in the context of the business combination related to the selling of the DriveK business unit is neutral from a fiscal perspective in accordance with Italian tax legislation. As a consequence, loss before tax from a fiscal perspective is higher of roughly €1.8 million compared to the loss booked in the consolidated financial statements profit and loss statements.

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 2021	**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**
Additions – internally generated	–	–	8,707	–	8,707
Additions	–	–	53	–	53
Acquired through business combinations	2,774	994	879	10,285	14,932
Reclassification from assets available for sale	–		3,422		3,422
As at 31 December 2022	**5,897**	**1,064**	**27,617**	**18,165**	**52,743**
Accumulated amortisation and impairment					
As at 1 January 2021	**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**
Charge for the year	466	115	6,232		6,814
Reclassification from assets available for sale			1,497		1,497
As at 31 December 2022	**942**	**116**	**14,928**		**15,987**
Net book value					
As at 1 January 2021	**1,163**	–	**6,756**	**1,943**	**9,862**
As at 31 December 2021	**2,647**	**69**	**7,357**	**7,880**	**17,953**
As at 31 December 2022	**4,955**	**948**	**12,689**	**18,165**	**36,757**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. INTANGIBLE ASSETS CONTINUED

Customer relationship

The customer relationship amounts to €4.9 million as at 31 December 2022 (€2.6 million as at 31 December 2020). The increase is related to the fair value of customer relationship arising from the allocation of the consideration paid for the acquisition made during FY 2022 of FranceProNet for €1.4 million, FusionIT for €0.8 million and ICO International for €0.6 million net of the amortisation of the year. Management has assessed that there are no impairment indicators, and therefore it is not necessary to prepare an impairment test, the reasons being the good performance in terms of revenues and EBITDA of the Group.

Trademark

Trademark costs amounted to €0.9 million as at 31 December 2022 (€0.1 million as at 31 December 2021) and this is related to the fair value allocated using the Relief-from-Royalty method to part of the consideration paid for the acquisition of FranceProNet for €0.2 million, FusionIT for €0.5million and ICO International for €0.3 million net of the amortisation of the year.

Development costs

Development costs amounting to €12.7 million as at 31 December 2022 (€7.3 million as at 31 December 2021) are due to the Group developing most of its technology and applications in-house. Such costs are related to continued development of new product offerings, applications, features and enhancements to existing digital services and solutions in the two dedicated hubs in Italy and Portugal. The main projects where the R&D team was involved during the year are the following:

- Leadspark and Leadspark 2 development: creation of the new version of the CRM with new features and with an improvement in terms of user experience;
- Webspark and Webspark (R)evolution: enhancement of Webspark Sales to improve website performance and its adaptability to the Platform.

Due to the results of the year development costs were subject to an impairment test taking into account past economic and financial performance and future expectations inferable from the business plan 2023–2027. The results of the impairment test did not reveal any impairment loss.

Goodwill

Goodwill booked in the consolidated financial statements as at 31 December 2022 amounts to €18.1 million (€7.9 million as at 31 December 2021). The increase compared with last year is related to the fair value allocated to residual goodwill generate by the acquisition made during the FY 2022 for €10.3 million.

The increase of the year is related to the goodwill arisen from the PPA made during the year reported below:

- FranceProNet €1.3 million.
- SFD €1.1 million.
- FusionIT €5.5 million.
- ICO International €2.4 million.

In accordance with IAS 36, goodwill is not amortised and is tested for impairment annually or more frequently if facts or circumstances indicate that the asset may be impaired. Impairment testing is performed by comparing the carrying amount and the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of its fair value less costs to sell and its value in use. To this end, for the purpose of verifying the recoverability of goodwill recorded under intangible assets, a single CGU has been identified, consisting of all the operating activities of the Group as a whole (the DriveK business unit was classified as a discontinued operation and sold during FY 2022).

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 2022, goodwill was subjected to an impairment test taking into account past economic and financial performance and future expectations inferable from the business plan 2023–2027. Beyond that period, operating cash flows are assumed to grow at 1.9% annually. The risk adjusted pre-tax rate ("WACC") used to discount the CGU cash flow forecasts is 20.5%. 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 2022 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 29.3%.

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 2021	**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**
Additions	60	30	–	225	2,437	2,752
Acquired through business combinations	–	40	26	16	433	515
Disposals	–	–	–	(9)	(341)	(350)
As at 31 December 2022	**409**	**193**	**27**	**608**	**7,969**	**9,206**
Accumulated depreciation						
As at 1 January 2021	**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**
Charge for the year	42	13	5	102	1,038	1,200
Depreciation on disposals	–	–	–	(7)	(200)	(207)
As at 31 December 2022	**327**	**88**	**6**	**293**	**3,492**	**4,206**
Net book value						
As at 1 January 2021	**72**	**11**	**–**	**59**	**1,551**	**1,693**
As at 31 December 2021	**64**	**48**	**–**	**178**	**2,786**	**3,076**
As at 31 December 2022	**82**	**105**	**21**	**315**	**4,477**	**5,000**

Right-of-use assets amounting to €4.5 million as at 31 December 2022 (€2.8 million as at 31 December 2021) 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 increase in the year net of depreciation of €1.7 million is related mainly to the new lease agreement stipulated in France for the new offices.

Right-of-use by underlying asset mainly refers to (i) automobiles for €0.6 million as of 31 December 2022 (€0.3 million as of 31 December 2021), and to (ii) office rental for €3.9 million as of 31 December 2022 (€2.4 million as of 31 December 2021).

15. INVESTMENTS IN ASSOCIATED COMPANIES AND NON-CURRENT ASSETS – SECURITY DEPOSIT

Investments in associated companies amounts to €3.5 million and it represents the investment in the 20% of AutoXY S.p.A. arisen from the business combination related to the sale of the DriveK Business Unit. Details are provided below in note 24.

As the transition was completed at fair value in the month of December 2022, management has considered the investments valued at fair value and therefore no impairment test has been prepared.

Non-current assets – security deposit amounts to €0.1 million as at 31 December 2022 (€0.1 million as at 31 December 2021) includes deposits made by the Group mainly for the rental of the offices of the subsidiaries.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16. CONTRACT ASSETS AND TRADE AND OTHER RECEIVABLES

Contract assets and trade and other receivables are shown in the following table:

€'000	2022	2021
Non-current contract assets	**7,294**	**5,059**
Contract assets – current portion	13,440	8,521
Total contract assets	**20,734**	**13,580**
Trade receivables	11,347	5,720
Prepayments	889	634
Other receivables	86	355
Tax receivables	736	732
Total trade and other receivables	**13,058**	**7,441**

Contract assets

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

Revenues related to SaaS platform are related to multi-year contracts (12, 24 or 36 months) are recognised in the moment in which the access to the platform are granted to the customers and therefore a related contract asset arises. Contract assets are subsequently billed on a monthly or quarterly basis for the duration of the agreement with the customer.

The split between current and non-current portions depends on the duration of the agreement.

The increase compared to the previous year is related to the increase of SaaS platform revenue.

Movements in the contract assets during FY 2022 are as follows:
- Contract assets as at 31 December 2021: €13,580 thousand
- SaaS revenue (please refer to the Financial Review section for further details) recognized during FY 2022: €27,084 thousand
- Contract assets billed during the FY 2022: €19,930 thousand
- Contract assets as at 31 December 2022: € 20,734 thousand.

Contract assets movements during FY 2021 are as follows:
- Contract assets as at 31 December 2020: €10,204 thousand
- SaaS revenue (please refer to the Financial Review section for further details) recognized during FY 2021: €14,820 thousand
- Contract assets billed during the FY 2021: €11,444 thousand
- Contract assets as at 31 December 2021: € 13,580 thousand.

Trade and other receivables

Trade receivables as at 31 December 2022 amounted to €11.3 million with the year-on-year increase due to the higher revenues generated in the fourth quarter of 2022 compared with 2021.

As at 31 December 2022, trade receivables of €3.8 million (€1.6 million as at 31 December 2021) 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	2022	2021
As at 1 January	**247**	**268**
Increase during the year	180	70
Receivables written off during the year as uncollectable	(31)	(62)
Increase related to business combinations	18	–
Impairment allowance for trade receivables classified previously as held for sale	119	(29)
As at 31 December	**533**	**247**

Tax receivables includes mainly the tax grants granted by the capital increase in MotorK Italy for €0.4 million.

17. CASH AND CASH EQUIVALENTS

The caption cash and cash equivalents amounting to €19.2 million (€43.2 million as at 31 December 2021) is related to cash available in bank accounts of the Group subsidiaries. The amount includes €0.3 million of cash deposited onto prepaid cards used by employees as petty cash as at 31 December 2022 (€0.1 million as at 31 December 2021).

For details of changes during the analysed periods please refer to the consolidated statement of cash flow.

Cash and cash equivalents are deposited with top rated banks.

18. TRADE AND OTHER PAYABLES AND TAX PAYABLE

Trade and other payables include:

€'000	2022	2021
Trade payables	2,694	1,844
Accruals	2,465	1,329
Total trade payables	**5,159**	**3,173**
Other payables including tax and social security payments	6,862	5,084
Total current trade and other payables	**12,021**	**8,257**

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

Trade payables amount to €2.7 million as at 31 December 2022 compared with €1.8 million as at 31 December 2021.

Accruals includes invoices to be received for service rendered in 2022. The increase compared to the data as at 31 December 2021 is lined up with the increase of trade payables and with the general increase of the business of the Group.

Other payables amounting to €6.9 million as at 31 December 2022 includes:

- contract liabilities of €2 million (€1.5 million last year). This is mainly related to the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December related to the post contract support activities. Changes during the FY2022 are the following: increase for €1.5 million and release to profit and loss for €1 million. Changes during the FY2021 are the following: increase for €1 million and release to profit and loss for €0.4 million;
- liabilities towards employees for bonus' to be paid in 2022 for €0.5 million (€0.8 million last year);
- emoluments to be paid to the directors for €0.1 million;
- other liabilities towards employees and related social security charges of approximately €3.9 million (€3 million last year). Increase of the year is mainly related to the increase of average of FTE within the Group; and
- other minor liabilities for €0.4 million.

€'000	2022	2021
Corporate tax liabilities	3,041	2,448
VAT liabilities	801	497
Total tax payable	**3,842**	**2,945**

Corporate tax liabilities includes mainly the tax provision booked in MotorK Israel Ltd during FY 2021 that will be paid in 2023 for €2.1 million and the tax provision for the taxes to be paid mainly in France, Portugal and Germany.

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities include:

€'000	2022	2021
Bank loan	65	1,794
Convertible notes	–	–
Other financial liabilities	611	128
Total current financial liabilities	**676**	**1,922**
Current lease liabilities	**972**	**790**
Bank loan	7,534	4,200
Other financial liabilities	84	–
Total non-current financial liabilities	**7,618**	**4,200**
Non-current lease liabilities	**3,665**	**2,046**

Bank loan

The following table sets forth the breakdown of bank loans by counterparty for the years ended 31 December 2022 and 2021:

	2022		2021	
€'000	Current	Non-current	Current	Non-current
Financial institution	–	–	–	–
Creval	–	–	594	–
Illimity Bank	–	7,202	1,200	4,200
Sace	–	300	–	–
Belfius	47	26	–	–
ING Direct	18	–	–	–
CIC Sud Ouest	–	6	–	–
Total	**65**	**7,534**	**1,794**	**4,200**

Main changes of the year are reported below:

- 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 €7.2 million, with a five-year duration and a 0.290 bps margin on Euribor, provides the following financial covenants to be tested annually, starting from December 2022: leverage ratio (net financial position/EBITDA) and gearing ratio (net financial position/net equity). At the date of this financial statements covenants are respected. In the context of the support provided during the COVID-19 and post COVID-19 period by the Italian government, Illimity Banks is guaranteed by SACE SIMEST for 90% of the loan value in case the Group will not be able to fulfill its obligations.
- Repayment in January 2022 of the loan entered into with Creval for €0.6 million.
- Entered into a financial loan with SACE SIMEST for €0.3 million in September 2022 to sustain the digitalisation process of the Group with a with a six-year duration and a 0.081% interest rate. No financial covenants in place.

Other financial liabilities with Belfius, ING Direct and CIC Sud Ouest are related to minor financing in place in the Company acquired during the year 2022.

19. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES CONTINUED

Other financial liabilities

Other financial liabilities includes mainly debt related to credit cards repaid early in 2022 for €0.2 million and €0.4 million of deferred consideration to be paid for the acquisition of ICO International.

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

€'000	Total
Financial liabilities at 31 December 2020	**31,095**
Repayments of loan[1]	(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**
Drawdowns of new loan and CEN	(594)
New bank loan	2,101
New bank loan obtained through business combinations	98
Change in other financial liabilities	567
Cash changes	**2,172**
Financial liabilities at 31 December 2022	**8,294**

1 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 with last year are already discussed above.

Finance lease liabilities are secured on the assets to which they relate and are related to the IFRS 16 application, starting from 1 January 2019, on lease agreements in place for offices of the Group subsidiaries and for cars assigned to employees.

The leases within the scope of IFRS 16 relate to properties and motor vehicles. In 2022, the expense relating to low value assets leases (mainly laptops) amounted to €0.1 million (€0.1 million in 2021).

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term with the discount rate determined by reference to the Group's incremental external borrowing rate for the particular asset and level of security. After the initial measurement lease liabilities are increased as a result of interest charged and reduced for lease payments made.

The Group leases office buildings where payments are fixed until the contracts expire. The Group also leases motor vehicles where payments can be increased if actual mileage is higher than the contracted rates. There is no other variability in respect of payments and there is not considered to be any significant judgement in relation to the lease terms.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES CONTINUED

The following table provides details of lease liabilities:

€'000	Land and buildings	Motor vehicles	Total
Lease liabilities			
As at 1 January 2021	**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**
Cash items:			
Lease payments	(763)	(308)	(1,071)
Non-cash items:			
New leases in the year	1,921	516	2,437
New leases through business combinations	388	43	433
Reduction for disposal of lease	(130)	(11)	(141)
Interest expense	119	24	143
As at 31 December 2022	**4,028**	**609**	**4,637**

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

	As at 31 December	
€'000	2022	2021
Repayables as follows:		
Under 1 year	972	790
2-5 years	2,718	1,861
Greater than 5 years	947	185
Total	**4,637**	**2,836**

The increase compared with last year is mainly related to the new lease agreement related to the office in France.

20. EMPLOYEE BENEFITS LIABILITIES

Staff severance indemnity, mandatory pursuant to art. 2120 of the Italian civil code, is a deferred compensation and is based on the years of service of the employee and on the compensation received during the period of service. No other significant pension provisions other than staff severance indemnity booked in the Italian subsidiaries of the Group are included within such caption.

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

Employee benefit plan costs increased by €0.2 million as at 31 December 2022 compared with 31 December 2021, 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 profit, amounting to €0.7 million for the year ended 31 December 2022 (loss of €0.02 million for the year ended 31 December 2021), has been recognised in other comprehensive income (OCI).

20. EMPLOYEE BENEFITS LIABILITIES CONTINUED

The following table sets forth the maturity profile of the Defined Benefit Obligation:

Maturity profile of Defined Benefit Obligation	€'000
Years	
Expected benefit payments during fiscal year ending 31 December 2023	77
Expected benefit payments during fiscal year ending 31 December 2024	102
Expected benefit payments during fiscal year ending 31 December 2025	126
Expected benefit payments during fiscal year ending 31 December 2026	150
Expected benefit payments during fiscal year ending 31 December 2027	173
Expected benefit payments during fiscal years ending 31 December 2028 through 31 December 2032	1,267

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

€'000	2022	2021
Present value of obligation	(1,895)	(2,069)
Fair value of scheme assets	–	–
Employee benefit liability	**(1,895)**	**(2,069)**

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

€'000	2022	2021
Current service costs	758	557
Amount included in personnel costs	**758**	**557**
Interest on pension liabilities	25	13
Amount included in finance cost	**25**	**13**

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

€'000	2022	2021
Experience gain/(loss) on liabilities	679	(20)
Net gain/(loss)	**679**	**(20)**

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

€'000	2022	2021
Opening employee benefit obligation	2,069	1,818
Service cost – continuing operations	758	557
Service cost – discontinued operations	–	–
Interest cost	25	13
Actuarial gain/(loss)	(679)	20
Benefit paid	(314)	(356)
Reclassification as liabilities directly associated with assets classified as held for sale	–	–
Other movements	36	17
Closing employee benefit obligation	**1,895**	**2,069**

Expected payments for the year ended 31 December 2023 for the Group amount to €0.07 million.

One of the main assumptions is the discount rate, which should be based on the returns available on high quality corporate bonds at the accounting date with a term corresponding to that of liabilities. The other assumptions should be chosen to reflect a better estimate of future long-term experience. IAS 19 does not define "high quality", but generally means a security rating of AA.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20. EMPLOYEE BENEFITS LIABILITIES CONTINUED

The financial assumptions used for this report at the end of the fiscal year are:
- Discount rate: corporate bonds of appropriate duration and quality should be considered in order to determine a discount rate appropriate for IAS purposes. The discount rates used for assessing current and previous assessments were chosen based on the Willis Towers Watson (scheme actuaries) rate.
- Inflation: the assumed rate of price inflation was assessed by reference to the inflation of the target price set by the European Central Bank over the medium term with a country-specific adjustment.
- 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:

	2022	2021
Discount rate	3.70%	1.20%
Rate of retail price inflation	2.25%	2.00%
Rate of increase in salaries	3.25%	3.00%

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

€'000	2022	2021
Employee benefits obligation	(1,895)	(2,069)
Scheme assets	–	–
(Deficit)	(1,895)	(2,069)
Experience adjustments on scheme liabilities	679	(20)

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

€'000	2022	2021
Base case	1,895	2,069
Discount rate +0.5%	(122)	(95)
Discount rate -0.5%	138	258

An increase of rates of salary increases of 0.5% will have an increase in the value of the employee benefits liabilities of €47 thousand while a decrease of rates of salary increase of 0.5% will have a decrease of € 88 thousand. The same impact for an increase of decrease of price inflation of +/- 0.5%

21. DEFERRED TAX LIABILITIES

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

The movement of deferred tax liabilities is shown below:

€'000	2022	2021
As at 1 January	**659**	**245**
Business combination	986	441
Recognised in profit and loss	(174)	(27)
As at 31 December	**1,471**	**659**

Details of deferred tax liabilities are shown below:

€'000	2022	2021
Other	274	77
Customer relationship	1,197	582
Total	**1,471**	**659**

The increase compared with last year is mainly related to the deferred tax liabilities arising from the fair value of the intangible assets arising from the purchase price allocation exercise in relation to the consideration paid for the acquisition of FranceProNet, FusionIT and ICO International.

22. OTHER NON-CURRENT LIABILITIES AND PROVISIONS

Other non-current liabilities and provisions include:

€'000	2022	2021
Current provisions	551	366
Non-current provisions	3,987	1,040
Total	**4,538**	**1,406**

Provisions classified within current liabilities amounts to €0.5 million (€0.4 as at 31 December 2021) 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 and the current portion of earn-out provision to be paid in 2023. Provisions classified within non-current liabilities amounts to €4 million (€1 million as at 31 December 2021) is related to the estimated earn-out to be paid in relation with the acquisition made in 2022 and 2021. The movement of current and non-current provisions is shown below:

€'000	2022	2021
Current provisions as at 1 January	**366**	**–**
Release of the period	(336)	–
Accrual for the period	521	366
Current provisions as at 31 December	**551**	**366**

€'000	2022	2021
Non-current provisions as at 1 January	**1,040**	**–**
Release of the period	(133)	–
Business combination	2,430	–
Accrual for the period	438	1,040
Accrued interests	212	–
Non-current provisions as at 31 December	**3,987**	**1,040**

23. SHAREHOLDERS EQUITY

Share capital

The share capital is composed as follows:

	2022			2021		
	Value (€'000)	Number	Value per share (€)	Value (€'000)	Number	Value per share (€)
Ordinary shares	403	40,310,252	0.01	403	40,328,959	0.01
Deferred shares	–	–	–	–	–	–
Preferred A-1 shares	–	–	–	–	–	–
Preferred A-2 shares	–	–	–	–	–	–
Total	**403**	**40,310,252**	**0.01**	**403**	**40,328,959**	**0.01**

During the financial year 2022 share capital changed due to the following items:

- issue of 423,301 shares mainly related to acquisitions made in 2022 and earn-out payment of 2021 acquisitions; and
- cancellation of 442,008 shares related to the buy-back programme in place during the year 2022. On 18 July 2022, the AGM of MotorK Plc has authorised to buy back its own ordinary shares by way of off-market purchases on Euronext Amsterdam and via block trades up to a maximum aggregate value of €3,000,000. This authorisation is limited to the maximum of 4,032,895 ordinary shares, representing approximately 10 per cent. of the Company's issued ordinary share capital as at the date of the last AGM of the Company. The authorisation will expire following the conclusion of the AGM of the Company to be held in 2023.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. SHAREHOLDERS EQUITY CONTINUED

On 18 July 2022 AGM approves a capital reduction by way of the cancellation of an amount equal to €4,000,000 standing to the credit of the Group's share premium account to create additional distributable reserves, including in respect of the Programme. Such capital reduction imply a reduction of Share Premium and a increase of Retained Earnings without effect on number of shares of the Company. On 13 October 2021 the Shareholders Meeting approves a capital reduction by way of the cancellation of an amount equal to €14,000,000 standing to the credit of the Group's share premium account to create additional distributable reserves. Such capital reduction imply a reduction of Share Premium and a increase of Retained Earnings without effect on number of shares of the Company and it was necessary for the re registration of the Company as a public limited company ("PLC") in the context of the IPO.

Earn-out reserve represents contingent consideration to be paid in shares to be issued on the basis of the earn-out mechanism in place with the previous shareholders of the Company acquired in December 2021. Such shares will be issued between the end of December 2023 and the end of December 2024.

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 2022, 1,358,371 (2,126,641 in 2021) options were granted to employees. These options are related to two different option plan. The one in place during FY 2021 (The "Old Share Option Plan") providing a straight-line basis vesting over four years, with an exercise price of €0.34 and with a life of 10 years and a new Employee Share Option Plan (the "New Share Option Plan") issued in 2022 providing a straight-line basis vesting over three or four years and subject to performance conditions defined on the basis of Group performance decided year over year (for more details regarding performance conditions please refer to the disclosure done in the Remuneration Committee Report of this Annual Report), with an exercise price of €1.645 and with a life of ten years. The 345,353 options granted into FY 2022 related to the Old Share Option Plan were granted into the first six months of the year. The 1,013,018 options granted into FY 2022 related to the New Share Option Plan were granted in November 2022.

Old Share Option Plan

	2022			2021		
	Weighted average exercise price (€ cents)	Number	of which exercised	Weighted average exercise price (€ cents)	Number	of which exercised
Outstanding at 1 January	**34**	**3,201,583**	**–**	**34**	**1,685,959**	**–**
Subdivision of shares						
Granted during the year	34	345,353	–	34	2,126,641	120,000
Lapsed during the year[1]	34	(322,551)	–	34	(611,017)	–
Outstanding at 31 December	**34**	**3,224,385**	**–**	**34**	**3,201,583**	**120,000**
of which						
vested		2,337,087			1,125,691	
unvested		887,298			2,075,892	

1 The options lapsed when the beneficiary left the Company.

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

New Share Option Plan

	2022			2021		
	Weighted average exercise price (€)	Number	of which exercised	Weighted average exercise price (€)	Number	of which exercised
Outstanding at 1 January	**1.645**	**–**	**–**	**–**	**–**	**–**
Subdivision of shares						
Granted during the year	1.645	1,013,018	–	–	–	–
Lapsed during the year[1]	–	–	–	–	–	–
Outstanding at 31 December	**1.645**	**1,013,018**	**–**	**–**	**–**	**–**
of which						
vested		–			–	
unvested		1,013,018			–	

1 The options lapsed when the beneficiary left the Company.

23. SHAREHOLDERS EQUITY CONTINUED

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share-based remuneration scheme operated by the Group:

	2022 (Old Share Option Plan)	2022 (New Share Option Plan)	2021
Option pricing model used	Black-Scholes	Black-Scholes	Black-Scholes
Weighted average share price at grant date (€)	4.78	0.765	6.1
Exercise price (€)	0.337	1.645	0.337
Weighted average contractual life (years)	10	10	10
Volatility	31.2%	31.2%	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	2022	2021
Equity-settled scheme	1,543	9,714

24. DISCONTINUED OPERATIONS

During FY 2022 the Group has completed the sale of the DriveK business unit classified as held for sale in the consolidated financial statements ended 31 December 2021.

The transaction completed on 15 December 2022 involved the contribution in kind of the DriveK business into Auto XY S.p.A, company fully owned by Gedi Gruppo Editoriale S.p.A. After that 31,94% of the new combined entity was sold by MotorK Italia S.r.l to Gedi Gruppo Editorial S.pA. so that, after the transaction, MotorK Italia S.r.l. owned 20% of the combined entity. The transaction has generated a gain on sale of €7.8 million and a cash inflow of € 4 million.

On the 20% of investments into AutoXY S.p.A. owned by MotorK Italia S.r.l. has been granted a reciprocal put and call to be exercised no later than 30 June 2026 calculated on certain EBITDA and Net Financial Positions targets of the Combined Entity.

No impairment indicators arisen between 15 December 2022 and the year ended and as a consequence no impairment test has been prepared by management.

The results of the DriveK business unit is presented below.

€'000	For the year ended 31 December 2022	For the year ended 31 December 2021
Revenue from customers	5,506	6,325
Capital gain	7,767	–
Costs for marketing and call centre services	3,561	3,853
Personnel costs	1,863	1,529
R&D capitalisation	–	(177)
Other operating costs	1,115	717
Amortisation and depreciation	–	–
Total costs	**6,539**	**5,922**
Operating profit	6,734	403
Finance expense	–	–
Profit before tax	6,734	403
Corporate income tax	–	–
Profit after income tax of discontinued operation	**6,734**	**403**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. DISCONTINUED OPERATIONS CONTINUED

Revenue from customers includes the revenue generated by the business during the year from January 2022 until 15 December 2022 (the date in which the business has been sold). Capital gain includes the capital gain generated by the selling of the business unit as disclosed above.

Costs for marketing and call centre services includes the costs incurred by the Group to run the business in the year 2022 until the date in which such business has been sold.

Personnel costs includes the costs for employees incurred during the year. Other operating costs includes the fees paid to the advisor supporting the transaction with Gedi Gruppo Editoriale S.p.A.

The Group has opted to present the earnings per share from discontinued operations on the face of the statement of profit and loss.

As the business unit DriveK was sold on 15 December 2022 the assets and liabilities of DriveK business unit classified as held for sale as at 31 December 2022 are nil. For comparative purpose only we present the value of assets and liabilities of the DriveK business unit as at 31 December 2021:

€'000	As at 31 December 2022	As at 31 December 2021
Intangible assets	–	1,925
Trade and other receivables	–	2,238
Total assets classified as held for sale	**–**	**4,163**
Trade and other payables	–	767
Employees benefits	–	118
Total liabilities classified as held for sale	**–**	**885**
Net assets classified as held for sale	**–**	**3,278**

The net cash flows incurred by the DriveK business unit are, as follows:

€'000	For the year ended 31 December 2022	For the year ended 31 December 2021
Net cash flows from/(used in) operating activities	(960)	951
Net cash from/(used in) investing activities	4,011	(177)
Net cash from/(used in) financing activities	–	–
Net increase in cash generated by the business	**3,051**	**774**

Net cash flows from/(used in) operating activities represents the cashflow used during the course of business until 15 December 2022.

Net cash from/(used in) investing activities is related to €5.6 million cashed in before the end of the year 2022 for the selling of the 31,94% of the combined entity net of €4 million of cash contributed into kind in AutoXY SpA.

25. BUSINESS COMBINATIONS

The acquisitions completed during the year 2022 were made in the context of the Group's growth strategy to expand its customer based in Europe and its suite of products. Please see below for more details.

FranceProNet SaS and SFD SaS

On 1 February 2022, MotorK Group completed the acquisition of 100% of the voting equity interests of FranceProNet SAS and SFD SAS (" together FranceProNet Group"), 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.

25. BUSINESS COMBINATIONS CONTINUED

The initial consideration paid for FranceProNet Group in February 2022 amounts to €4.4 million (of which €1 million through the issue of shares and €3.4 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 contingent consideration of €0.5 million related to certain performance of the acquired company. Management has performed the purchase price allocation during the year 2022 and the excess of the purchase price over the fair value of the estimated net assets acquired of €3.6 million has been allocated for €1.4 million to customer relationship, €0.2 million to trademark net of €0.4 million of deferred tax liabilities. The difference of €2.4 million has been allocated to goodwill.

Since the acquisition date, FranceProNet SAS contributed for €0.4 million to the Group consolidated result for the year and €0.9 million to Group revenue in the consolidated financial statements closed as at 31 December 2022.

Since the acquisition date, SFD SaS contributed for €0.005 million to the Group consolidated result for the year and €0.6 million to Group revenue in the consolidated financial statements closed as at 31 December 2022.

If the acquisition of FranceProNet Group had occurred on 1 January 2022 Group revenue would have increased by an estimated €0.4 million and Group profit before tax would have increased by an estimated €0.4 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same as if the acquisition had occurred on 1 January 2022.

The Group has incurred € 0.1 million of costs in relation to the acquisition of FranceProNet Group in the period. These costs have been included in the Group's consolidated statement of profit and loss and other comprehensive income caption other operating costs.

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

FranceProNet SAS (€'000)	Book value at acquisition date	Adjustment	Restated fair value
Customer-related intangible assets		1,407	1,407
Trademark		216	216
Property, plant and equipment	13	–	13
Receivables	393	–	393
Cash at bank and in hand	1,055	–	1,055
Payables	(501)	–	(501)
Deferred tax		(406)	(406)
Total net assets (A)	**960**	**1,217**	**2,177**
Fair value of consideration			
Cash			2,308
Contingent consideration			361
Equity			667
Total consideration (B)			**3,336**
Goodwill (B)-(A)			**1,159**

SFD SAS (€'000)	Book value at acquisition date	Adjustment	Restated fair value
Software	13	–	13
Property, plant and equipment	23	–	23
Receivables	615	–	615
Cash at bank and in hand	296	–	296
Payables	(634)	–	(634)
Total net assets (A)	**313**		**313**
Fair value of consideration			
Cash			1,049
Contingent consideration			177
Equity			300
Total consideration (B)			**1,526**
Goodwill (B)-(A)			**1,213**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25. BUSINESS COMBINATIONS CONTINUED

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 FranceProNet and the Group.

FusionIT

On 31 May 2022, MotorK Group completed the acquisition of 100% of the voting equity interests of FusionIT (also known as "Carflow") an automotive retail solutions provider that serves more than 400 car dealers and major automotive OEMs in Belgium, the Netherlands and Luxembourg. In line with the strategy of the Group to expand its customer base FusionIT gives the possibility for MotorK to enter into a new strategic market within Europe.

The initial consideration paid for FusionIT amounts to €5 million (of which €1 million is through the issue of shares and €4 million is in cash). In addition to the initial consideration, the sale and purchase agreement regulating to the transfer of shares to MotorK Italia Srl provides with a contingent consideration of €1.8 million related to certain performance conditions of the acquired company: (i) customer migration to MotorK products; ii) keep a certain level of churn rate on existing customer base; iii) generate a certain amount of new business. As provided by IFRS 3 paragraph 55 a) the earn-out conditioned to the fact that the previous shareholders will remain as employees of the Group for a certain period 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 a loss of €0.2 million to the Group consolidated result for the year and €1.5 million to Group revenue in the consolidated financial statements closed as at 31 December 2022.

If the acquisition had occurred on 1 January 2022 Group revenue would have increased by an estimated €1 million and Group loss before tax would have increased by an estimated €0.5 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same as if the acquisition had occurred on 1 January 2022.

The Group has incurred €0.06 million of costs in relation to the acquisition of FusionIT in the period. These costs have been included in the Group's consolidated statement of profit and loss and other comprehensive income caption other operating costs.

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

FusionIT (€'000)	Book value at acquisition date	Adjustment	Restated fair value
Customer-related intangible assets	–	781	781
Trademark	–	485	485
Software	960	(494)	466
Property, plant and equipment	35	–	35
Receivables	243	–	243
Cash at bank and in hand	619	–	619
Payables	(950)	–	(950)
Unfavourable contract	–	(120)	(120)
Deferred tax	–	(316)	(316)
Total net assets (A)	**907**	**336**	**1,243**
Fair value of consideration			
Cash			4,000
Contingent consideration			1,773
Equity			1,000
Total consideration (B)			**6,773**
Goodwill (B)-(A)			**5,530**

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 FusionIT and the Group.

ICO International GmbH

On 28 July 2022, MotorK Group completed the acquisition of 100% of the voting equity interests of ICO International GmbH (also known as "Webmobil24") a German software provider of stock management solutions and e-commerce platforms to automotive dealers and OEMs. Over the past 20 years, Webmobil24 has established itself as a key player in the German automotive digital landscape thanks to its innovative offering which covers the entire spectrum of vehicle inventory management needs, leveraging the expansion of MotorK Group into the German market. This acquisition marked another decisive step in the development of MotorK's European footprint.

25. BUSINESS COMBINATIONS CONTINUED

The initial consideration paid for ICO International amounts to €3 million in cash. In addition to the initial consideration, the sale and purchase agreement regulating to the transfer of shares to MotorK Italia Srl provides with a deferred consideration of €0.2 million to be paid during FY 2023 and a contingent consideration of €0.2 million related to certain recurring revenue target.

Since the acquisition date, the subsidiary contributed a loss of €0.1 million to the Group consolidated result for the year and €0.7 million to Group revenue in the consolidated financial statements closed as at 31 December 2022.

If the acquisition had occurred on 1 January 2022 Group revenue would have increased by an estimated €0.8 million and Group profit before tax would have increased by an estimated €0.03 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same as if the acquisition had occurred on 1 January 2022.

The Group has incurred €0.07 million of costs in relation to the acquisition of ICO International Gmbh in the period. These costs have been included in the Group's consolidated statement of profit and loss and other comprehensive income caption other operating costs.

ICO International GmbH Continued

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

ICO International (€'000)	Book value at acquisition date	Adjustment	Restated fair value
Customer-related intangible assets		586	586
Trademark		293	293
Software	1,479	(1,079)	400
Property, plant and equipment	10	–	10
Receivables	166	–	166
Cash at bank and in hand	15	–	15
Payables	(170)	–	(170)
Deferred tax		(263)	(263)
Total net assets (A)	**1,500**	**(463)**	**1,037**
Fair value of consideration			
Cash			2,975
Deferred and contingent consideration			425
Equity			–
Total consideration (B)			**3,400**
Goodwill (B)-(A)			**2,363**

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 ICO International and the Group.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

26. EARNINGS PER SHARE

The following table shows earnings per share, calculated by dividing the result for the year by the weighted average number of ordinary shares outstanding during the year.

	For the year ended 31 December	
	2022	2021
Loss for the period (in thousands)	(7,277)	(23,525)
Loss from continuing operations (in thousands)	(14,011)	(23,928)
Profit from discontinued operations (in thousands)	6,734	403
Weighted average number of shares	40,506,379	29,872,528
Earnings per share	(0.18)	(0.79)
Earnings per share from continuing operations	(0.35)	(0.80)
Earnings per share from discontinued operations	0.17	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

On 14 February 2023, in line with the M&A strategy pursued by the Group, MotorK Italia S.r.l. subscribed a convertible equity loan issued by Smart Mobility Services Spain S.L., convertible at the sole discretion of MotorK, for an amount of €150,000.00 with a due date of 31 December 2023.

28. TRANSLATION OF FOREIGN COMPANIES' FINANCIAL STATEMENTS

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

	2022 Average exchange rate	31 Dec 2022 year-end exchange rate
Israeli Shekel	3.5360	3.7554

	2021 Average exchange rate[1]	31 Dec 2021 year-end exchange rate
Israeli Shekel	3.7682	3.5159

1 Starting from the incorporation date.

The effect of the translation of MotorK Israel Ltd reporting package amount to Euro 126 thousand as reported in the Other comprehensive income/(loss) section.

29. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

Full details of the compensation and of number of shares of MotorK Plc of key management personnel are given in the Directors' remuneration report on pages 58-68. Key management personnel are the member of the board of directors of MotorK Plc. Please refer to the Directors' remuneration report also for information regarding directors' shareholding in the Group.

MOTORK PLC STATEMENT OF FINANCIAL POSITION

€'000	Note	2022	2021
Investments	4	58,483	53,600
Non-current assets – security deposits		4	4
Financial assets	5	20,478	–
Non-current assets		**78,965**	**53,604**
Trade and other receivables	6	600	9,539
Cash and cash equivalents	7	976	24,575
Current assets		**1,576**	**34,114**
Total assets		**80,541**	**87,718**
Trade and other payables	8	2,110	9,761
Current liabilities		**2,110**	**9,761**
Provisions	8	2,016	1,040
Non-current liabilities		**2,016**	**1,040**
Total liabilities		**4,126**	**10,801**
Share capital	9	403	403
Share premium*	9	68,754	72,754
Merger reserve*	9	3,627	1,397
Earn-out reserve	9	798	–
Retained earnings	9	2,833	2,363
Total equity		**76,415**	**76,917**
Total liabilities and equity		**80,541**	**87,718**

*The prior year accounts had incorrectly presented €1,397 thousand within Share Premium which should be within Merger Reserve from shares issued as part of total consideration by MotorK plc – parent company for acquisitions made during the year. Under the Companies Act 2006, the Group/MotorK plc cannot apply the premiums on the shares issued at a premium by MotorK plc
to obtain 100% of voting rights in the acquirees. This has been restated in the current year presentation of the comparative. The restatement does not impact total net assets and profit for the relevant years.

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 €4.3 million (2021: loss of €9.7 million).

The financial statements on pages 119 and 120 were approved and authorised for issue by the Board of Directors on 30 March 2023 and were signed on its behalf by:

Marco Marlia
Chief Executive Officer
30 March 2023

MOTORK PLC STATEMENT OF CHANGES IN EQUITY

€'000	Share capital	Share premium*	Merger reserve*	Earn-out reserve	Retained earnings	Total attributable to equity holders of parent
1 January 2021	**273**	**12,166**	**–**	**–**	**(11,701)**	**738**
Comprehensive income for the period						
Loss for period	–	–	–	–	(9,739)	(9,739)
Total comprehensive loss 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**	**60,588**	**1,397**	**0**	**23,803**	**85,918**
31 December 2021	**403**	**72,754**	**1,397**	**0**	**2,363**	**76,917**
Comprehensive income for the period						
Loss for period	–	–	–	0	(4,383)	(4,383)
Total comprehensive loss for the period	–	–	–	–	**(4,383)**	**(4,383)**
Contributions by and distributions to owners						
Issue of shares	4	–	2,230		–	2,234
Share-based payment	–	–			1,543	1,543
Earn-out reserve	–	–		798		798
Buy-back programme[1]	(4)	–			(690)	(694)
Capital reduction	–	(4,000)			4,000	–
Total contributions by and distributions to owners	**–**	**(4,000)**	**2,230**	**798**	**4,853**	**3,881**
31 December 2022	**403**	**68,754**	**3,627**	**798**	**2,833**	**76,415**

1 MotorK bought its own shares and cancelled them.

*The prior year accounts had incorrectly presented €1,397 thousand within Share Premium which should be within Merger Reserve from shares issued as part of total consideration by MotorK plc – parent company for acquisitions made during the year. Under the Companies Act 2006, the Group/MotorK plc cannot apply the premiums on the shares issued at a premium by MotorK plc
to obtain 100% of voting rights in the acquirees. This has been restated in the current year presentation of the comparative. The restatement does not impact total net assets and profit for the relevant years.

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 5th Floor One New Change, London, England, EC4M 9AF listed from November 2021 on Euronext Amsterdam.

The Company and its subsidiaries (the "Group" or "MotorK Group") is a leading 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.

As of 31 December 2022, 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, which directly holds approximately 20% of the share capital. The Parent Company has not employees as at 31 December 2022.

These financial statements as of and for the years ended 31 December 2022 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. ACCOUNTING POLICIES

Basis of preparation of financial statements

The Parent Company financial statements of MotorK Plc (the "Company") have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework and as required by the Companies Act 2006.

The financial statements are prepared under the historical cost convention as modified for financial instruments that are measured at fair value.

Disclosure exemptions adopted

In preparing these financial statements, the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:
- certain comparative information as otherwise required by UK adopted international accounting standards;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the Group headed by MotorK Plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted as equivalent disclosures are included in the consolidated financial statements of MotorK plc. These financial statements do not include certain disclosures in respect of:
- business combinations;
- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- impairment of assets.

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.

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

2. ACCOUNTING POLICIES CONTINUED

Financial assets

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

a) Financial assets valued at amortised cost

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

These are financial loans, other receivables and cash and cash equivalent.

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 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 recognised through the consolidated income statement

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 recognised 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.

2. ACCOUNTING POLICIES CONTINUED

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, trade payables, provision and other payables.

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

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

Trade and other payables are initially recognised at fair value and subsequently measured using the amortised cost method.

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

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.

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. Costs incurred for share-based payments are charged to the subsidiaries of the Group on the basis of certain intercompany agreements stipulated between the Parent Company and the subsidiaries.

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates and assumptions

Impairment of investments

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the business plan for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 4.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses the Black and Scholes Model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.

4. INVESTMENTS

€'000	2022	2021
Cost		
At 1 January	**53,600**	**10,271**
Additions	4,883	43,329
Contribution in kind of subsidiaries into MotorK Italia Srl FY 2022	(13,212)	–
Increase of equity investments due to contribution in kind FY 2022	13,212	–
At 31 December	**58,483**	**53,600**
Impairment provisions		
At 1 January	**–**	**–**
Movement in year	–	–
At 31 December	**–**	**–**
Net book value	**58,483**	**53,600**

Additions of the year are reported below:

- increase due to the acquisition of the 100% of the share capital of FranceProNet SaS for an amount of €3.3 million;
- increase due to the acquisition of the 65.79% of the share capital of SFD SaS for an amount of 1.5 million (the remaining 34.21% was already owned by FranceProNet SaS); and
- increase of €0.02 million related to post closing adjustment paid for the acquisition of DAPDA (closed in December 2021).

As at 30 June 2022, MotorK Plc has restructured through contributions in kind to move its direct subsidiaries Fidcar, Liotey, DAPDA, DAPDA Media, FranceProNet SaS and SFD SaS into subsidiaries of MotorK Italia S.r.l. for an amount of €13.2 million. Therefore, as of 31 December 2022, the equity investments amount to €58.4 million is uniquely related to the 100% of the share capital of MotorK Italia S.r.l. and all other subsidiaries are held indirectly through MokorK Italia S.r.l.

As provided by law, the contribution in kind has been supported by an appraisal valuation supporting the fact that the amount contributed was not less than fair value at the date of the operation.

4. INVESTMENTS CONTINUED

As at 31 December 2022 the equity investments owned in MotorK Italia Srl was subjected to an impairment test taking into account past economic and financial performance and future expectations inferable from the business plan 2023–2027. Beyond that period, operating cash flows are assumed to grow at 1.9% annually. The risk adjusted pre-tax rate ("WACC") used to discount the cash flow forecasts is 20.5%. For the purposes of estimating the value in use of the investment, both internal and external sources of information were used. The results of the impairment test on equity investment as at 31 December 2022 did not reveal any impairment loss. In assessing the value in use of the investment, 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 investment as nil. In these circumstances, the break-even point WACC is 29.3%.

5. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are related only to the financial loan towards MotorK Italia S.r.l stipulated during the year 2022. Main terms of the intercompany agreement stipulated on 1 June 2022 are the following:

- interest rate calculated as Euribor 3M + spread determined of the basis of appropriate benchmarking analysis prepared by external tax advisors; and
- repayment in one instalment on 1 June 2024.

6. TRADE AND OTHER RECEIVABLE

€'000	2022	2021
Trade debtors	–	–
Amounts owed from Group undertakings	399	9,022
Prepayments	185	444
Other receivables	16	73
Total trade and other receivables	**600**	**9,539**

Decrease of receivables towards Group companies is related mainly to the collection of the intercompany receivables related to the year 2021. For further details, please refer to note 11 Related parties.

7. CASH AND CASH EQUIVALENT

The caption cash and cash equivalent amounting to €1 million (2021: €24.6 million) is related to cash available in bank accounts of MotorK Plc. The decrease is related mainly to the cash transferred to MotorK Italy as a loan and cash used for the acquisition of FranceProNet and SFD.

8. TRADE AND OTHER PAYABLES AND PROVISIONS

Current	2022 €'000	2021 €'000
Trade payables	11	199
Amounts owed to Group undertakings	1,790	9,037
Other payables	213	21
Accruals	96	504
Total current liabilities	**2,110**	**9,761**

Non-current	2022 €'000	2021 €'000
Provisions	2,016	1,040
Total non-current liabilities	**2,016**	**1,040**

	2022 €'000	2021 €'000
Non-current other creditors are repayable as follows:		
1-2 years	2,016	–
2-5 years	–	1,040
	2,016	**1,040**

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

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

8. TRADE AND OTHER PAYABLES AND PROVISIONS CONTINUED

Provisions amounts to €2 million (€1 million as at 31 December 2021) and includes the estimated deferred consideration to be paid for the acquisition of DAPDA and FranceProNet SaS.

9. SHARE CAPITAL

Share capital

The share capital is composed as follows:

	2022			2021		
	Value (€'000)	Number	Value per share (€)	Value (€'000)	Number	Value per share (€)
Ordinary shares	403	40,310,252	0.01	403	40,328,959	0.01
Deferred shares	–	–	–	–	–	–
Preferred A-1 shares	–	–	–	–	–	–
Preferred A-2 shares	–	–	–	–	–	–
Total	**403**	**40,310,252**	**0.01**	**403**	**40,328,959**	**0.01**

During the financial year 2022, share capital changed due to the following items:

- issue of 423,301 shares mainly related to acquisitions made in 2022 and earn-out payment of 2021 acquisitions; and
- cancellation of 442,008 shares related to the buy-back programme in place during the year 2022. On 18 July 2022 the Annual General Meeting of MotorK Plc has authorised to buy back its own ordinary shares by way of off-market purchases on Euronext Amsterdam and via block trades up to a maximum aggregate value of €3,000,000. This authorisation is limited to the maximum of 4,032,895 ordinary shares, representing approximately 10%. of the Company's issued ordinary share capital as at the date of the last AGM of the Company. The authorisation will expire following the conclusion of the AGM of the Company to be held in 2023.

On 18 July 2022 AGM approves a capital reduction by way of the cancellation of an amount equal to €4,000,000 standing to the credit of the Group's share premium account to create additional distributable reserves, including in respect of the Programme. Such capital reduction imply a reduction of Share Premium and a increase of Retained Earnings without effect on number of shares of the Company.

On 13 October 2021 the Shareholders Meeting approves a capital reduction by way of the cancellation of an amount equal to €14,000,000 standing to the credit of the Group's share premium account to create additional distributable reserves. Such capital reduction imply a reduction of Share Premium and a increase of Retained Earnings without effect on number of shares of the Company and it was necessary for the re registration of the Company as a public limited company ("PLC") in the context of the IPO.

Earn-out reserve represents contingent consideration to be paid in shares to be issued on the basis of the earn-out mechanism in place with the previous shareholders of the Company acquired in December 2021. Such shares will be issued between the end of December 2023 and the end of December 2024.

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 2022, 1,358,371 (2,126,641 in 2021) options were granted to employees. These options are related to two different option plan. The one in place during FY 2021 (The "Old Share Option Plan") providing a straight-line basis vesting over four years, with an exercise price of €0.34 and with a life of 10 years and a new Employee Share Option Plan (the "New Share Option Plan") issued in 2022 providing a straight-line basis vesting over three or four years and subject to performance conditions defined on the basis of Group performance decided year over year (for more details regarding performance conditions please refer to the disclosure done in the Remuneration Committee Report of this Annual Report), with an exercise price of €1.645 and with a life of ten years. The 345,353 options granted into FY 2022 related to the Old Share Option Plan were granted into the first six months of the year. The 1,013,018 options granted into FY 2022 related to the New Share Option Plan were granted in November 2022.

9. SHARE CAPITAL CONTINUED

Old Share Option Plan

	2022			2021		
	Weighted average exercise price (€ cents)	Number	of which exercised	Weighted average exercise price (€ cents)	Number	of which exercised
Outstanding at 1 January	**34**	**3,201,583**	**–**	**34**	**1,685,959**	**–**
Subdivision of shares						
Granted during the year	34	345,353	–	34	2,126,641	120,000
Lapsed during the year[1]	34	(322,551)	–	34	(611,017)	–
Outstanding at 31 December	**34**	**3,224,385**	**–**	**34**	**3,201,583**	**120,000**
of which						
vested		2,337,087			1,125,691	
unvested		887,298			2,075,892	

1 The options lapsed when the beneficiary left the Company.

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

New Share Option Plan

	2022			2021		
	Weighted average exercise price (€)	Number	of which exercised	Weighted average exercise price (€)	Number	of which exercised
Outstanding at 1 January	**1.645**	**–**	**–**	**–**	**–**	**–**
Subdivision of shares						
Granted during the year	1.645	1,013,018	–	–	–	–
Lapsed during the year[1]	1.645	–	–	–	–	–
Outstanding at 31 December	**1.645**	**1,013,018**	**–**	**–**	**–**	**–**
of which						
vested		–			–	
unvested		1,013,018			–	

1 The options lapsed when the beneficiary left the Company.

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:

	2022 (Old Share Option Plan)	2022 (New Share Option Plan)	2021
Option pricing model used	Black-Scholes	Black-Scholes	Black-Scholes
Weighted average share price at grant date (€)	4.78	0.765	6.1
Exercise price (€)	0.337	1.645	0.337
Weighted average contractual life (years)	10	10	10
Volatility	31.2%	31.2%	32%

NOTES FORMING PART OF THE MOTORK PLC FINANCIAL STATEMENTS CONTINUED

9. SHARE CAPITAL CONTINUED

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Historic volatility is estimated looking at the five-year, 50-day median volatility of a sample of comparable companies operating in the software industry listed on the European stock market (Euronext).

The share-based remuneration expense comprises:

€'000	2022	2021
Equity-settled scheme	1,543	9,714

On the basis of intercompany agreements in place with other Group subsidiaries, the costs incurred by the Parent Company related to such Shares Option Plan have been recharged accordingly.

10. DEFERRED TAX

The Company has estimated trading losses totalling approximately €25 million (2022: €21 million). A deferred tax asset of approximately €4.7 million has not been recognised 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 58-68.

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

	2022			2021	
€'000	Trade and other receivables	Trade and other payables	Financial assets	Trade and other receivables	Trade and other payables
MotorK Italia Srl	354	1,790	20,478	–	5,162
MotorK Israel Ltd	45	–	–	9,022	3,875
Total	**399**	**1,790**	**20,478**	**9,022**	**9,037**

The financial assets towards MotorK Italia S.r.l. is related to a loan agreement entered in June 2022. The intercompany agreement provides with term and conditions of the loan including the interest rate calculated on the basis of a benchmark analysis prepared by management with the support of an external consultant with relevant expertise. The amount of €20,478 thousand includes interests accrued for €162 thousand.

Trade and other receivables and trade and other payables are regulated by intercompany agreements providing relevant term and conditions on the basis of the transfer pricing policy in place.

GROUP ALTERNATIVE PERFORMANCE MEASURE (APM)

Please find below the list of Group alternative performance measure (APM) indicating its definition, explanation why they are considered relevant and reconciliation with the accounts.

ANNUAL RECURRING REVENUE (ARR)

This represents the yearly subscription contract value of the Group's customer base at the end of the reporting period. It is considered a Group APM as this is the main kpi used by the markets to measure company operating in a SaaS business.

Reconciliation with accounts:

December 2022 monthly recurring billing*	€2.24m
Number of months	12
Total Annual recurring revenue	€26.9m

*it represents the amount of fees related to SaaS platform recurring revenue contracts billed or where the right to bill exists in December 2022 to customers. This amount cannot be traced back to note 9 of the consolidated financial statements as revenue are booked on the basis of two different performance obligations implied in the agreements. December 2022 monthly recurring billing represents the amount billed or where the right to bill exists in the month December 2022.

ADJUSTED EBITDA

This represents the operating profit that the Group is able to generate excluding extraordinary, one-off components. It is considered a Group APM as measure the ability of the Group to focus on recurring component excluding expenses that are not strictly inherent to the underlying business performance.

Reconciliation:

€'000	2022	2021		
Loss before tax	**(13,871)**	**(21,163)**	A	Consolidated Statement of Profit and Loss and Other Comprehensive Income pag. 77
Finance costs	1,235	4,818	B	Consolidated Statement of Profit and Loss and Other Comprehensive Income pag. 77 Note 11 pag. 100
Finance income	(231)	(11)	C	Consolidated Statement of Profit and Loss and Other Comprehensive Income pag. 77 Note 11 pag. 100
EBIT	**(12,867)**	**(16,356)**	D = A+B+C	
Depreciation and amortisation	8,013	4,235	E	Consolidated Statement of Profit and Loss and Other Comprehensive Income pag. 77 Note 10 pag. 98 and 99
EBITDA	**(4,854)**	**(12,121)**	F = D+E	
Exceptional costs	3,545	3,242	G	Consolidated Statement of Profit and Loss and Other Comprehensive Income pag. 77 Note 10 pag. 98 and 99 Financial and Operating Review pag. 32
Stock option plan cost	1,543	9,714	H	Consolidated Statement of Profit and Loss and Other Comprehensive Income pag. 77 Note 10 pag. 98 and 99
Adjusted EBITDA	**234**	**835**	I = F+G+H	

COMPANY INFORMATION

Directors	Amir Rosentuler (Chairman) Marco Marlia (Chief Executive Officer) Laurel Charmaine Bowden (Non-Executive Director) Måns Hultman (Non-Executive Director/Independent Director) Mauro Pretolani (Non-Executive Director/Independent Director)
Company Secretary	Gravitas Company Secretarial Services Limited
Registered office	5th Floor, One New Change, London, England, EC4M 9AF
Company number	09259000
Independent Auditors	BDO LLP 55 Baker Street London W1U 7EU
Solicitors	K&L Gates LLP 1 New Change London EC4M 9AF United Kingdom
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ANNUAL REPORT 2022

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