DRIVING TECHNOLOGY FORWARD

MOTORK

HALF-YEAR REPORT 2023

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

Marco Marlia, CEO

H1 HIGHLIGHTS

Revenues
€21.9m
H1 2022: €16.9m

Annual recurring revenues (ARR)[1]
€30.1m
H1 2022: €20.1m

Adjusted EBITDA[2]
-€1.4m
H1 2022: -€2.3m

Net cash[3]
€5.5m
31 Dec 2022: €19.2m

Acquisitions completed in 2023
1
2022: 3

Customers[4]
5,200
2022: 2,000

PDF/PRINTED VERSION

This document is the PDF/printed version of MotorK's 2023 Half-year Report and has been prepared for ease of use.

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 Half-year Report and are expressly qualified in their entirety by the cautionary statements included in this Half-year 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 Half-year Report should be construed as a profit forecast.

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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 (APM).
2 This is a non-GAAP measure considered relevant by management and it is considered a Group APM.
3 It is equivalent to the caption cash and cash equivalents reported in the Consolidated Statement of Financial Position on page 19 of this Half-year Report.
4 Including recently acquired companies.

WE ARE MOTORK

TECH MINDSET, AUTOMOTIVE FOCUS

DIGITALISE THE AUTOMOTIVE INDUSTRY

MotorK is the trusted partner for digital transition of the automotive industry, car dealers, distributors and manufacturers.

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

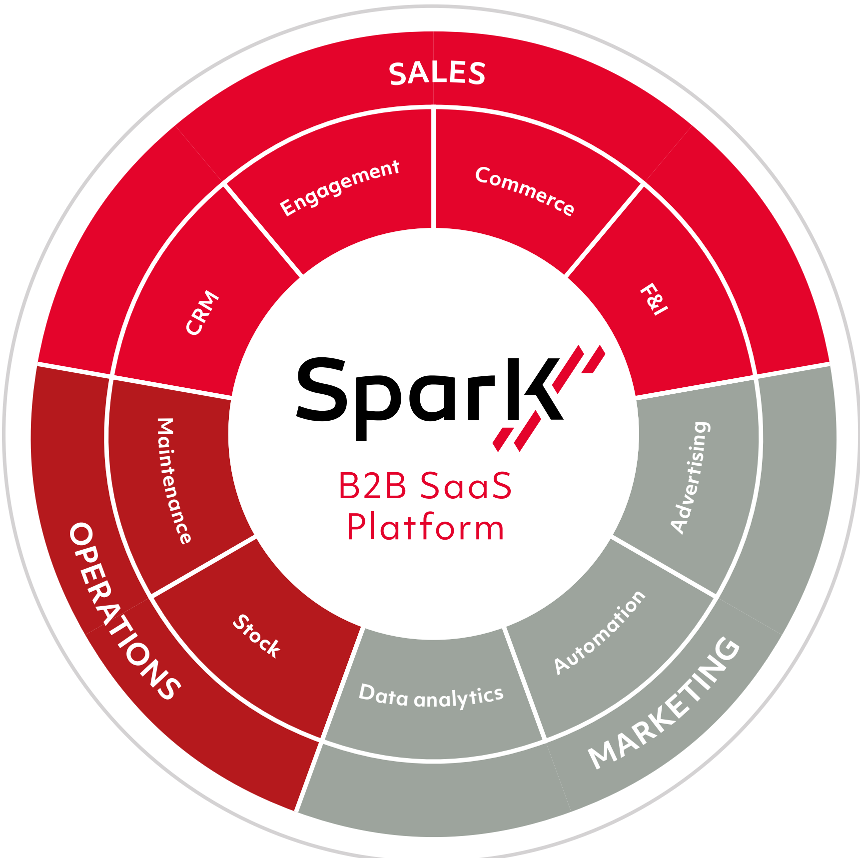
200+

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



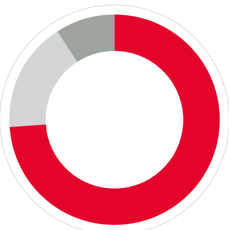
A TRUSTED PARTNER

Enterprise customers **25** H1 2022: 18	Net revenue retention **114%** H1 2022: 115%
Retail customer base **5,200** incl. recently acquired companies	ARR churn **5.6%** H1 2022: 6.2%

BROAD GEOGRAPHICAL FOOTPRINT

We operate through 12 offices in 8 countries, employing 466 people.

Revenue mix



- SaaS platform[1] 74% (H1 2022: 68%)
- Digital marketing 17% (H1 2022: 22%)
- Other revenues 9% (H1 2022: 10%)

Revenue by geography

- Italy (61%)
- Spain (13%)
- France (11%)
- Germany (9%)
- Benelux (6%)

1 SaaS platform revenues include recurring revenue and contract start-up revenue as disclosed in the section Financial and Operating Review on page 11 of this Half-year Report.

MOTORK REPORTS ROBUST CONTINUED MOMENTUM FOR H1 2023

50% GROWTH IN ANNUAL RECURRING REVENUES
STRATEGIC FOCUS ON PROFITABILITY
M&A INTEGRATION YIELDING RESULTS

"We are highly confident in MotorK's long-term success. Our strategic M&A approach and the integration of acquired companies are now yielding tangible results. We are proud of the progress we have made, and we remain committed to unlocking the full potential of our customer base and driving growth in the digital automotive retail market."

Amir Rosentuler,
Executive Chairman

"We are delighted with the strong commercial momentum and increasing adoption of the SparK Platform. Our commitment to achieving cash profitability in FY2024 remains steadfast. In FY2023, we are actively working towards optimising our cost structure and streamlining operations, absorbing the investments made in FY2022. We are confident that these efforts will position us for sustained growth and profitability in the future."

Marco Marlia,
Co-founder & CEO

OPERATIONAL HIGHLIGHTS

Commercial Momentum

The Group is pleased to report robust performance and strategic growth for the first half of FY2023. June emerged as a record-breaking month, marked by exceptional new Retail ACV won.

This result can be credited to the successful implementation of the SparK platform, particularly in Spain, where commercial activity surged after an initial slower start. The migration and integration of clients acquired through the Dapda acquisition in late 2021 played a significant role in the substantial increase in newly won ACV. Looking ahead, the second half of FY2023 holds a promising pipeline of opportunities, further reinforcing expectations for continued growth in the Spanish market.

In the Benelux region, MotorK has delivered solid overall results in line with expectations. The migration of FusionIT ("Carflow") customers onto the MotorK platform has commenced, albeit with a slight delay due to prioritising the integration efforts in Spain. The migration process is now live and progressing well with tangible cross-sell opportunities anticipated for H2 2023.

In contrast, the performance in Germany during H1 2023 fell short of expectations despite the revenue growth compared to the same period of last year due to the acquisition of Ico International ("Webmobil24") closed in July 2022 and the renewal of one significant contract with an OEM customer. Nevertheless, the team has reinforced its capabilities and is now well positioned with a solid qualified pipeline. Additionally, there are promising opportunities arising from the acquired customer base of Webmobil24, leveraging a similar approach employed in Spain. These developments provide a strong foundation to bridge the gap and drive growth in the German market moving forward.

Italy and France have performed well, demonstrating a growth trajectory that aligns with their solid track records. These core and mature countries continue to be instrumental in driving the Group's overall success.

The solid performance achieved in H1 2023, culminating in record-breaking results in June, should be viewed as the outcome of the concerted efforts put in place since the beginning of the year. With new leadership in Spain and Germany, as well as a restructured sales organisation, the Group has effectively created the necessary commercial momentum across the board, signifying a clear inflection point in terms of pipeline creation.

The Enterprise segment has shown solid growth over the year, with ARR reaching €5.8 million in Q2 2023, up 100% year-on-year. This substantial progress now represents 21% of the organic ARR, reflecting the strategic emphasis put on this segment over the past 12 months. Additionally, the Enterprise deals signed but not yet delivered are accounted for in the Committed ARR for €2.4 million, further highlighting the growth reservoir beyond the reported figures.

As of June 2023, the Group maintains a Retail Pipeline of €7 million and €6 million in Enterprise, which, combined with a committed ARR of €4.7 million, provides strong visibility for H2 2023.

Strategic Focus on Profitability

MotorK entered FY2022 with ambitious growth plans, resulting in a significant increase in the number of new hires and expanded overhead costs. The company made strategic investments in bolstering its workforce, recognising the value of human capital in driving innovation and growth. Additionally, the acquisition of six companies further enhanced MotorK's market position and capabilities.

However, it is important to acknowledge that these initiatives entail costs to activate future synergies, notably from the integration of acquired entities.

While these investments incurred additional short-term costs, they are instrumental in unlocking long-term efficiency and value for the organisation. To optimise performance and align the cost structure, MotorK has initiated a comprehensive review to identify and streamline operations, leading to €2.7 million of run-rate cost savings anticipated by the end of FY2024. This effort includes FTE optimisation across the board, rationalisation of third-party vendors, and targeted cost savings within the acquired companies.

While these efforts have impacted short-term profitability, translating into Cash EBITDA of -€9.3 million at H1 2023, MotorK remains steadfast in its commitment to achieving cash profitability by FY2024.

The company is confident that the integration of new hires and acquired companies, coupled with ongoing cost optimisation, will yield long-term benefits and contribute to sustained profitability.

Effective M&A Strategy

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

While the integration of Dapda in Spain took slightly longer than anticipated to fully align with the whole MotorK ecosystem, the migration is now live and yielding results. This demonstrates the significant growth potential within the Company's existing customer base, as embarking acquired customers on the full MotorK journey generates substantial value. As a reference point, with an average ACV of €30k for platform offerings compared to the group's average of €18k, the growth potential is evident.

The next focus is leveraging the Webmobil24 platform acquired last year in Germany. By replicating the successful migration and platforming strategy employed in Spain, the Group is confident in generating notable growth going forward.

Finally, the recent acquisition of GestionaleAuto.com, a leading automotive retail solutions provider in Italy, not only strengthens MotorK's market position, but presents an opportunity to leverage complementary strengths and expand offerings to a larger customer base in one of its core markets.

OUTLOOK

Looking ahead, MotorK continues to build positive momentum in FY2023, confirming the initial range of €39 million to €43 million in recurring revenues, including up to €2 million of CRR. This anticipated level of CRR is related to large Enterprise roll-up plans that could encounter some minor delays. Emphasising its strategic shift towards a more Enterprise-focused revenue mix, the Group benefits from a robust pipeline of opportunities at H1 2023. Based on this outlook, the Company remains confident in meeting its booking targets, while acknowledging potential delivery process delays.

Regarding Cash EBITDA, the focus has been on optimising the organisational structure of the business and activating cost synergies in the M&A integration perimeter. These efforts have led to a short-term deviation from the initial projections for H1 2023. However, MotorK is confident that these investments to activate future synergies will position the company for long-term efficiency and growth. Taking into account these additional costs together with anticipated operating leverage over H2 2023, the guidance is adjusted to a more conservative range of -€13 million to -€10 million for the full year 2023.

This reaffirms MotorK's commitment to achieving Cash EBITDA positive status for the full year 2024 and underscores its long-term financial objectives. With a strategic focus on profitability and a robust plan for driving growth, MotorK is well-positioned to capitalise on opportunities and deliver value to its customers in the dynamic digital automotive retail market.

SEMI-ANNUAL DIRECTORS' REPORT

The Directors present the Semi-annual Report together with the unaudited Interim Condensed Consolidated Financial Statements.

SIGNIFICANT EVENTS THAT HAVE OCCURRED IN THE FIRST SIX MONTHS OF THE RELEVANT FINANCIAL YEAR AND THEIR IMPACT ON THE SEMI-ANNUAL FINANCIAL STATEMENTS

During the first six months of the year 2023 the Group has confirmed its track record of consistent growth of the top-line both organically, through the expansion of the business with the current customer, and inorganically, through the integration of the companies recently acquired and a new M&A operation completed in June 2023.

The main events of the first six months of 2023 are the following:

- acquisition of GestionaleAuto.com S.r.l in June 2023, a leading automotive retail solutions provider that serves over 2,000 dealerships in Italy. Founded in 2004, GestionaleAuto.com is a prominent software as a service ("SaaS") player in the Italian digital automotive retail market. The company provides car dealers with a comprehensive suite of digital solutions focused on multi-publishing stock management, omnichannel digital showroom capability, and lead generation and follow-up.
- reserved capital increase of €3 million with Lucerne Capital Management to further bolster the Group's external growth strategy for the second half of the year.

UPDATE REGARDING PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

In its 2022 Annual Report MotorK describes the main objectives and procedures of its risk management and control systems, as well as the main risks and any mitigating measures. MotorK has assessed the identified risks and has determined that the main risks identified continued to apply in the first six months of 2023 and will remain the same in the second half of 2023. However, these risks are not the only ones that we face. Some risks may not yet be known to us and certain risks that we do not currently believe to be material could become material in the future.

As already described in the Annual Report, the Board of Directors has continued to work to implement the highest standards of risk management 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 the year 2022.

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group implements a careful approach to financial risk management. During the first six months of FY2023 the Group has not entered into transactions involving derivative instruments. Details of which the Board of Directors considers the main financial risks facing the Company are set out under the 'Risk identification' paragraph within the Principal Risks and Uncertainties section on pages 36, 37, 38 and 39 of the 2022 Annual Report. As mentioned above, at the date of this report, the Directors of MotorK Group have assessed such risks and concluded that there are no significant changes compared to what is stated in the 2022 Annual Report.

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

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

Risk relating to interest rate changes

The Group is exposed to risks associated with changes in variable interest rates, as certain of its credit facilities may bear interest at a floating rate. An increase or decrease in interest rates would affect the Group's current interest expenses and the Group's refinancing costs; however, this is not considered to be material given the fact that the Group has in place only one floating rate loan for an amount of €7.2 million. Interest rate risk may be mitigated by entering into hedging transactions in the form of derivative financial instruments, although such transactions are not risk-free. As said before, due to 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, uncertainties in the Group's ability to attract financing, and significant estimates related to such risks please refer to the disclosure reported in the consolidated financial statements in the Group 2022 Annual Report. Regarding significant estimates related to such risks please refer to the disclosure of the consolidated financial statements in the Group 2022 Annual Report.

Risks of possible non-compliance with laws and regulations

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

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

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

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

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

The Directors of the Company during the period starting from 1 January 2023 to 30 June 2023 were Amir Rosentuler, Marco Marlia, Måns Hultman, Laurel Charmaine Bowden and Mauro Pretolani. The Directors remained unchanged compared to the year ending 31 December 2022.

The Executive Management Team, whose members are mentioned on pages 52 and 53 of the 2022 Annual Report, has been reinforced in the first months of the year 2023, with the appointment of Philippe Schulz as Chief Customer Officer since March 2023, Daria Grazzi as Chief Human Resources Officer since April 2023 and Kevin Owens as Chief Product Officer since July 2023.

SUBSIDIARIES OUTSIDE OF THE UK

Details of the Company's subsidiaries are set out on pages 22, 23 and 24 in the paragraph 'Summary of the accounting standards used' in the Interim Condensed Consolidated Financial Statements.

RESPONSIBILITY STATEMENT

The Directors have prepared the Group Interim Condensed Consolidated Financial Statements for the first half of FY2023 in accordance with IAS 34 'Interim Financial Reporting'. These Interim Condensed Consolidated Financial Statements have neither been reviewed or audited.

The Directors hereby declare, in accordance with Section 5:25d (2) (c) of the Dutch Financial Supervision Act, that to the best of their knowledge:

- the Interim Condensed Consolidated Financial Statements give a true and fair view of the assets and liabilities, and the financial position as at 30 June 2023 and the results for the first six months of 2023 of MotorK Plc and its consolidated companies; and
- the Semi-annual Directors' Report gives a true and fair view of the information required pursuant to Sections 5:25d (8) and, insofar as applicable, 5:25d (9) of the Dutch Financial Supervision Act.

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 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 Semi-annual Director's Report and other information included in the Group Interim Condensed Consolidated Financial Statements is prepared in accordance with applicable law in the United Kingdom and the Netherlands.

GOING CONCERN

In preparing the interim condensed consolidated 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 excellent results in terms of growth during the first half of the year 2023 and the expectation of the Company's future performance.

The Business Plan covering the period 2023-2027 prepared by Management, basis for going concern assessment made in the context of FY2022 Annual Report, is substantially confirmed and it 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 stabilisation towards cash flow breakeven.

To reinforce the cash position of the Group, management is dealing with different financial institutions to enter into a financial loan necessary to ensure more flexibility in terms of investments and working capital needs.

In 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 considered and reflected in the aforementioned Business Plan. Due to the nature of MotorK, key digital suppliers of our customers, management concluded that such elements do not have a significant impact on going concern assessment.

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

Signed by

Marco Marlia
Chief Executive Officer
28 July 2023
and

Andrea Servo
Chief Financial Officer
28 July 2023

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Interim Condensed Consolidated Financial Statements are made available on a website. The Interim Condensed Consolidated Financial Statements are published on the Group's websites in accordance with legislation in the United Kingdom governing the preparation and dissemination of Interim Condensed Consolidated 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 Interim Condensed Consolidated Financial Statements contained therein.

APPROVAL BY THE BOARD OF DIRECTORS

The report of the Directors was approved by the Board of Directors on 28 July 2023 and signed on its behalf by:

Marco Marlia
Director
28 July 2023

FINANCIAL AND OPERATING REVIEW

FINANCIAL & OPERATING REVIEW

Our excellent top-line results of the first six months of the year confirm the strategic success of the Group and represent the basis of our trajectory to reach profitability as expected.

GROUP PERFORMANCE OVERVIEW

During the first six months of the year 2023 the Group has continued the excellent top-line growth trajectory increasing revenue from €16.9 million to €21.9 million, (+30% year-on-year), leveraging its ability to grow organically and inorganically through new M&A and the integration of the acquisitions made in the previous years. In line with FY2022 results, the solid top-line performance was led by the growth of SaaS platform revenue (+42% year-on-year) guided by excellent performance of the Spanish market (+39% year-on -year).

In terms of profitability, Adjusted EBITDA was in line with management's expectations and closed negative at €1.4 million compared to negative €2.3 million of the same period of the previous year. During the second half of the year 2023, in line with the trend of FY2022 results, the Group is expected to benefit from the operational leverage of costs already incurred and from the slight effect of seasonality of revenues related to the increase of commercial campaigns of MotorK customers in the last quarter of the year.

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

Revenue
€21.9m

Revenue growth
30%

Adjusted EBITDA
-€1.4m

RESULTS FOR THE PERIOD

€'000	30 June 2023	30 June 2022
Revenues	**21,900**	**16,911**
Costs for customer media services	(3,634)	(3,418)
Personnel costs	(16,111)	(12,608)
R&D capitalisation	4,714	2,710
Other costs	(8,236)	(5,902)
Adjusted EBITDA	**(1,367)**	**(2,307)**
Exceptional costs	(1,346)	(1,370)
Stock option plan cost	(668)	(676)
EBITDA	**(3,381)**	**(4,353)**
Depreciation and amortisation	(3,869)	(2,541)
EBIT	**(7,250)**	**(6,894)**
Finance costs	(500)	(307)
Finance income	13	82
Loss before tax	**(7,737)**	**(7,119)**
Corporate income tax	(62)	(169)
Loss – continued operations	**(7,799)**	**(7,288)**
Profit/(loss) – discontinued operations	**–**	**(265)**
Loss for the period	**(7,799)**	**(7,553)**

Revenue

Group revenue for the first six months of FY2023 amounted to €21.9 million compared to €16.9 million for the same period in FY2022, an increase of 30% year-on-year.

Revenue by product and service line

€'000	30 June 2023	30 June 2022	y-o-y change
SaaS platform revenue	16,243	11,444	42%
Digital marketing revenue	3,704	3,639	2%
Other revenue	1,953	1,828	7%
Total	**21,900**	**16,911**	**30%**

The increase compared to the previous period is led by SaaS platform revenue amounting to €16.2 million, an increase of 42% compared to the previous period.

Digital marketing and other revenue are in line with the first six months of the year 2022.

SaaS platform revenue

€'000	30 June 2023	30 June 2022	y-o-y change
SaaS recurring revenue	16,125	10,811	49%
Contract start-up revenue	118	633	(81%)
SaaS platform revenue	**16,243**	**11,444**	**42%**
SaaS platform revenue as % of total revenue	**74%**	**68%**	**6%**

The outstanding performance of SaaS platform revenue is confirmed by the increase of recurring revenue as shown in the table above amounting to €16.1 million as at 30 June 2023, an increase of 49% compared to the same period of FY2022. The track record of recurring revenue growth (+191% compared to €5.5 million as at 30 June 2021) is proof of the resilience of the MotorK SaaS business model.

From a geographical standpoint the principal market continues to be Italy, representing 61% of Group revenues in the first six months of FY2023. Due to the acquisition made in Europe the Italian market percentage of total revenue is reduced by 10% confirming the European footprint of the Group.

The significant increase of revenue in Germany and Benelux is due to the different Group consolidation area compared to the previous year where Benelux was consolidated started from 1 June 2022 and Germany benefits of the acquisition of Webmobil24 completed in July 2022.

€'000	30 June 2023		30 June 2022		y-o-y change
Italy	13,335	61%	12,012	71%	11%
Spain	2,865	13%	2,064	12%	39%
France	2,382	11%	2,419	14%	(2%)
Germany	1,974	9%	245	2%	706%
Benelux	1,344	6%	171	1%	686%
Total	**21,900**		**16,911**		

Opex

€'000	30 June 2023	30 June 2022	y-o-y change
Costs for customer media services	(3,634)	(3,418)	6%
Personnel costs	(16,111)	(12,608)	28%
R&D capitalisation	4,714	2,710	74%
Other operating costs	(8,236)	(5,902)	40%
Amortisation and depreciation	(3,869)	(2,541)	52%
Total costs	**(27,136)**	**(21,759)**	**25%**

Costs, net of development costs capitalised, amounted to €27.1 million in the first six months of FY2023, an increase of 25% compared to the same period in FY2022. In line with management's expectations costs grew less proportionally than revenue, proving that investments made to the structure in previous years are now stabilised and following the trajectory to profitability of the Group.

An important driver for MotorK growth continues to be the R&D investments necessary to realise MotorK's plan for the coming years as shown in the table:

€'000	30 June 2023	30 June 2022	y-o-y change
Total R&D expenses	7,608	4,560	67%
– of which capitalised	4,714	2,710	74%
– of which expensed in the income statement	2,894	1,850	56%
Total R&D expenses as a percentage of Group total revenue	**35%**	**27%**	**8%**

Personnel costs amount to €16.1 million compared to €12.6 million in the previous period, an increase of 28% year-on-year. The increase is mainly explained by the increase in the average number of employees mainly due to the acquisitions made between July 2022 and June 2023.

€'000	30 June 2023	30 June 2022	y-o-y change
Salaries and other personnel costs	12,395	9,813	26%
Social security costs	3,716	2,795	33%
Total personnel costs	**16,111**	**12,608**	**28%**

Adjusted EBITDA

€'000	30 June 2023	30 June 2022	y-o-y change
EBIT	**(7,250)**	**(6,894)**	**5%**
Depreciation and amortisation	3,869	2,541	52%
EBITDA	**(3,381)**	**(4,353)**	**(22%)**
Exceptional costs	1,346	1,370	(2%)
Stock option plan costs	668	676	(1%)
Adjusted EBITDA	**(1,367)**	**(2,307)**	**(41%)**

Adjusted EBITDA for the first six months of FY2023 was negative €1.4 million compared to a negative Adjusted EBITDA for the same period in the previous year of €2.3 million. Adjusted EBITDA is a non-IFRS financial measure used by management to monitor the operating profit of the Group and is calculated as EBITDA net of exceptional costs and stock option expenses which are not strictly inherent to the underlying business performance. Exceptional costs amounting to €1.3 million include €0.1 million related to severance payment indemnities and related costs for employees who left the Group and have not been replaced, €0.9 million related to earn out payment expenses accrued on a straight-line basis based on the earn-out mechanism in place with the previous shareholders of the companies recently acquired and €0.3 million for one-off related costs. Stock option plan costs amounted to €0.7 million in line with the same period in the previous year.

Finance costs

Finance costs for the period were €0.5 million compared to €0.3 million in the same period of FY2022. The increase is mainly due to the increase of interest rates related to the loan in place.

Taxation

Corporate income tax was negative €0.1 million (negative €0.2 million for the same period in FY2022) and is related mainly to the tax provision accrued as of 30 June 2023 in the reporting package of the distribution companies of the Group. Management did not accrue deferred tax assets mainly on tax losses carrying forward in the UK and Italy for an amount of approximately €12.1 million due to the uncertainty in the timing in which such loss will be utilised.

Loss for the year

The loss for the first six months of FY2023 was €7.8 million compared to a loss of €7.5 million for the same period of FY2022. The improvement of Adjusted EBITDA, commented on above, is offsetted by the increase of depreciation and amortisation incurred in the year first six months of FY2023 related to R&D projects completed at the end of 2022 and whose amortisation plan started early in 2023.

GROUP CAPITAL STRUCTURE AND FINANCIAL POSITION

€'000	30 June 2023	31 December 2022
Tangible assets	4,386	5,000
Intangible assets	45,155	36,757
Investments in associated companies	3,538	3,538
Fixed assets	**53,079**	**45,295**
Contract assets	**23,475**	**20,734**
Net working capital	**(2,126)**	**(2,805)**
Deferred tax liabilities	**(1,362)**	**(1,471)**
Employees benefit liability	**(1,973)**	**(1,895)**
Provisions	**(4,999)**	**(4,538)**
Total invested capital	**66,094**	**55,320**
Cash and cash equivalents	5,465	19,223
Financial assets	193	194
Financial liabilities	(15,347)	(12,931)
(Net financial)/net cash position	**(9,689)**	**6,486**
Net equity	**56,405**	**61,806**

Fixed assets

Fixed assets were €53.1 million as at 30 June 2023 compared to €45.3 million as at 31 December 2022. The increase of €7.8 million is mainly related to R&D capital expenditure, net of depreciation of the year for €1.9 million, €0.8 million of intangible assets acquired through business combinations and to goodwill arising from the provisional allocation of the consideration paid for the acquisition of GestionaleAuto.com S.r.l. by the Group in June 2023 for €6.1 million net of €1 million on depreciation of other fixed assets related to the first six months of the year 2023.

Contract assets

Contract assets were €23.5 million as at 30 June 2023 compared to €20.7 million as at 31 December 2022. Contract assets represent the right to bill (net of invoices already issued) related to the SaaS multi-year contracts whose revenues have been already recognised at a point in time upon the delivery of access to the platform, according to IFRS 15. The increase compared to the previous period is related to the increase of SaaS platform revenues as reported above.

Net financial position

Net financial position was €9.7 million as at 30 June 2023 compared to a net cash position of €6.5 million as at 31 December 2022. The €16.2 million reduction in the first six months of FY2023 is mainly related to free cash flow absorption for €10.6 million (including exceptional items paid), the consideration paid for the acquisition of GestionaleAuto.com S.r.l. for €3.2 million, deferred consideration to be paid for €3.2 million, share buyback programme in place in the first three months of the year for €2.2 million net of €3 million of capital increase commented above.

Net equity

Net equity was €56.4 million as at 30 June 2023 compared to €61.8 million as at 31 December 2022. The decrease is related to the net result of the year (negative €7.8 million) net of the capital increase related of €3 million subscribed by Lucerne Capital Management and €0.6 million of other minor movements.

GROUP CASH MOVEMENTS FOR THE PERIOD

€'000	30 June 2023	30 June 2022
Cash and cash equivalents at the beginning of the period	**19,223**	**43,257**
Adjusted EBITDA from continuing operations	(1,367)	(2,307)
Decrease/(increase) in working capital	(625)	1,414
Decrease/(increase) in contract assets	(2,741)	(1,799)
Operating free cash flow	**(4,733)**	**(2,692)**
Taxes paid	(384)	(38)
Cash flow from investing activities – tangible assets	(86)	(44)
Cash flow from investing activities – R&D	(4,731)	(2,757)
Free cash flow	**(9,934)**	**(5,531)**
Exceptional items	(613)	(823)
Free cash flow from discontinued operations	–	268
Cash flow from investing activities – M&A	(3,339)	(4,932)
Cash flow from financing activities	(1,005)	362
Cash flow from equity movements	766	–
Others	367	(264)
Net increase/(decrease) in cash and cash equivalents	**(13,758)**	**(10,920)**
Cash and equivalents at the end of the period	**5,465**	**32,337**

Operating free cash flow

Operating free cash flow was negative for €4.7 million in the first six months of FY2023 compared to negative €2.7 million in the same period of FY2022. Operative cash burn compared to the previous period is due to the increase of working capital and contract assets which has drawn cash respectively for €2 million and for €0.9 million net of the improvements of Adjusted EBITDA for €0.9 million.

Free cash flow

Free cash flow was negative €9.9 million in the first six months of FY2023 compared to negative €5.5 million in the same period of FY2022. Cash burn compared to the previous period is due to the result of operating free cash flow and R&D investments of €4.7 million compared to €2.8 million in the same period of FY2022 necessary to fuel future growth and enable MotorK to extend the value proposition to our customers.

Cash flow from investing activities – M&A

Cash flow from investing activities amounting to negative €3.3 million in the first six months of FY2023 represents the consideration paid for the acquisition of GestionaleAuto.com, net of the cash acquired and the payment of deferred considerations related to M&A due in the first half of the year.

Cash flow from financing activities

Cash flow from financing activities was negative €1 million in the first six months of FY2023 and mainly related to repayment of lease for an amount of €0.5 million and other interests payment of €0.5 million.

Cash flow from equity movements

Cash flow from equity movements was €0.8 million in the first six months of FY2023 and related to the offsetting of the capital increase of €3 million of Lucerne Capital Management made in June 2023 net of €2.2 million of share buy back plan put in place in the first months of the year 2023.

DIVIDEND

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

EVENTS AFFECTING THE COMPANY (AND ITS SUBSIDIARIES) WHICH HAVE OCCURRED AFTER 30 JUNE 2023

No significant events to be highlighted which have occurred between 30 June 2023 and the date of publication of this report.

OUTLOOK

Looking ahead, MotorK continues to build positive momentum in FY2023, confirming the initial range of €39 million to €43 million in recurring revenues, including up to €2 million of CRR. This anticipated level of CRR is related to large Enterprise roll-up plans that could encounter some minor delays. Emphasising its strategic shift towards a more Enterprise-focused revenue mix, the Group benefits from a robust pipeline of opportunities at H1 2023. Based on this outlook, the Company remains confident in meeting its booking targets, while acknowledging potential delivery process delays.

Regarding Cash EBITDA, the focus has been on optimising the organisational structure of the business and activating cost synergies in the M&A integration perimeter. These efforts have led to a short-term deviation from the initial projections for H1 2023. However, MotorK is confident that these investments to activate future synergies will position the company for long-term efficiency and growth. Taking into account these additional costs together with anticipated operating leverage over H2 2023, the guidance is adjusted to a more conservative range of -€13 million to -€10 million for the full year 2023.

This reaffirms MotorK's commitment to achieving Cash EBITDA positive status for the full year 2024 and underscores its long-term financial objectives. With a strategic focus on profitability and a robust plan for driving growth, MotorK is well-positioned to capitalise on opportunities and deliver value to its customers in the dynamic digital automotive retail market.

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] **€30.1m** vs €20.1m reported in the 2022 Half-year Report	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 contract subscription value of the customer base at the end of the reporting period. CRR (committed recurring revenues) represents the contract subscription value including contracts signed to be delivered and billed.	The Group confirm the initial range of €39 million to €43 million in recurring revenues, including up to €2 million of CRR.
Revenue growth **30%** vs 32% for the six months ended 30 June 2022	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 FY2023 in order to meet the target mentioned above.
Recurring revenue as % of total revenue **74%** vs 64% for the six months ended 30 June 2022	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 of 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).	Further growth is expected in FY2023 to meet the target mentioned above.
Organic revenue growth **25%** vs 12% for the six months ended 30 June 2022	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.	The Group expects revenue to increase in FY2023 in order to meet the target mentioned above.
Adjusted EBITDA[1] **-€1.4m** vs -€2.3m for the six months ended 30 June 2022	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 interest, taxes, amortisation and depreciation net of exceptional costs.	The Group targets for FY2023 an Adjusted EBITDA margin that allows to meet the guidance of cash EBITDA in the range between -€13 million and -€10 million.
Cash EBITDA[1] **-€9.3m** vs -€7.3m for the six months ended 30 June 2022	This is a consistent measure of the ability of the Group to generate cash.	Calculated as Adjusted EBITDA less R&D capitalisation and the non cash effect related to the IFRS 15 application to SaaS platform revenue.	The Group targets for FY2023 a Cash EBITDA in the range between -€13 million and -€10 million.
Number of employees **466** vs 453 reported in the 2022 Annual Report	This is an 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 number of employees to ensure our growth targets reported above.

1 This is a non-GAAP measure considered relevant by management and it is considered a Group APM.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 June	
€'000	Note	2023	2022
Revenue	10	**21,900**	**16,911**
Costs for customer media services	11	3,634	3,418
Personnel costs	11	17,810	14,321
R&D capitalisation	11	(4,714)	(2,710)
Other operating costs	11	8,551	6,235
Amortisation and depreciation	11	3,869	2,541
Total costs	11	**29,150**	**23,805**
Operating loss		**(7,250)**	**(6,894)**
Finance expense	12	(500)	(307)
Finance income	12	13	82
Loss before tax		**(7,737)**	**(7,119)**
Corporate income tax	13	(62)	(169)
Loss from continuing operations		**(7,799)**	**(7,288)**
Profit/(loss) after income tax of discontinued operations	25	–	(265)
Loss for the period		**(7,799)**	**(7,553)**
Attributable to:			
Owners of the parent		(7,799)	(7,553)
Other comprehensive income/(loss):			
Actuarial losses arising from remeasurement of liabilities for employee benefits that will not be subsequently remeasured to the income statement	22	340	(10)
Gains/(losses) on exchange differences from translation of financial statements of foreign entities that will be reclassified subsequently to the income statement	26	251	(102)
Total comprehensive loss		**(7,208)**	**(7,665)**
Attributable to:			
Owners of the parent		(7,208)	(7,665)
Total comprehensive income/(loss) for the period attributable to owners of the parent arises from:			
Continuing operations		(7,208)	(7,400)
Discontinued operations	25	–	(265)
Basic and diluted EPS (in Euros)			
Loss for the period	27	(0.20)	(0.19)
Loss from continuing operations	27	(0.20)	(0.18)
Loss from discontinued operations	27	–	(0.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
€'000	Note	30 June 2023	31 December 2022
Intangible assets	14	45,155	36,757
Property, plant and equipment	15	4,386	5,000
Investments in associate companies	16	3,538	3,538
Non-current assets – security deposits	16	193	194
Non-current contract assets	17	9,170	7,294
Non-current assets		**62,442**	**52,783**
Trade and other receivables	17	13,328	13,058
Contract assets	17	14,305	13,440
Cash and cash equivalents	18	5,465	19,223
Current assets		**33,098**	**45,271**
Total assets		**95,540**	**98,504**
Trade and other payables	19	12,082	12,021
Tax payable	19	3,372	3,842
Current financial liabilities	20	3,721	676
Current lease liabilities	20	1,201	972
Provisions	21	4,888	551
Current liabilities		**25,264**	**18,062**
Employees benefit liability	22	1,973	1,895
Deferred tax liabilities	23	1,362	1,471
Non-current financial liabilities	20	7,540	7,618
Non-current lease liabilities	20	2,885	3,665
Provisions	21	111	3,987
Non-current liabilities		**13,871**	**18,636**
Total liabilities		**39,135**	**36,698**
Share capital	24	404	403
Share premium	24	72,620	68,754
Merger reserve	24	3,627	3,627
Earn-out reserve	24	1,172	798
Accumulated loss	24	(21,418)	(11,776)
Total equity		**56,405**	**61,806**
Total liabilities and equity		**95,540**	**98,504**

CONSOLIDATED STATEMENT OF CASH FLOWS

€'000	For the six months ended 30 June 2023	2022
Loss for the period from continuing operations	(7,799)	(7,288)
Profit/(loss) for the period from discontinued operations	–	(265)
Adjustments for:		
Depreciation of property, plant and equipment	657	526
Amortisation of intangible fixed assets	3,212	2,015
Finance income	(13)	(82)
Finance expense	500	307
Income tax expense	62	169
Share-based payment expense	668	676
Earn-out accrual	913	808
Other non-monetary movements	251	(103)
Cash outflow from operating activities before changes in net working capital	**(1,549)**	**(3,237)**
(Increase)/decrease in trade and other receivables and contract assets	(2,091)	(1,811)
Increase/(decrease) in trade and other payables	(1,898)	1,602
Increase/(decrease) in provisions and employee benefits	559	(66)
Cash outflow from operations	**(4,979)**	**(275)**
Income taxes paid	(384)	(38)
Net cash flows from operating activities	**(5,363)**	**(3,550)**
Investing activities		
Cash outflow on acquisition of subsidiaries (net of cash acquired)	(3,339)	(4,932)
Purchase of intangible assets	(4,731)	(2,757)
Purchases of property, plant and equipment	(86)	(44)
Non-current assets – security deposits	1	(5)
Net cash (used in) investing activities	**(8,155)**	**(7,738)**
Financing activities		
Capital increase	766	–
Bank loans repaid	(32)	(676)
New bank and other loans	–	1,850
Capital element of lease liabilities repaid	(470)	(437)
Interest paid on bank and other loans	(407)	(316)
Interest paid on lease liabilities	(97)	(53)
Net cash from financing activities	**(240)**	**367**
Net increase in cash and cash equivalents	**(13,758)**	**(10,920)**
Cash and cash equivalents at beginning of period	**19,223**	**43,257**
Cash and cash equivalents at end of period	**5,465**	**32,337**

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 25.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€'000	Share capital	Share premium	Merger reserve	Earn-out reserve	Accumulated losses	Total attributable to equity holders of parent
	As at and for the six months ended 30 June 2023					
1 January 2023	**403**	**68,754**	**3,627**	**798**	**(11,776)**	**61,806**
Comprehensive income for the period						
Loss for the period	–	–	–	–	(7,799)	(7,799)
Other comprehensive income						
Translation reserve	–	–	–	–	251	251
Defined benefit pension scheme	–	–	–	–	340	340
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(7,208)**	**(7,208)**
Contributions by and distributions to owners						
Issue of shares	15	3,866	–	–	–	3,881
Share-based payment	–	–	–	–	(142)	(142)
Shares to be issued	–	–	–	374	–	374
Buyback programme	(14)	–	–	–	(2,292)	(2,306)
Total contributions by and distributions to owners	**1**	**3,866**	**–**	**374**	**(2,434)**	**1,807**
30 June 2023	**404**	**72,620**	**3,627**	**1,172**	**(21,418)**	**56,405**

€'000	Share capital	Share premium	Merger reserve	Earn-out reserve	Accumulated losses	Total attributable to equity holders of parent
	As at and for the six months ended 30 June 2022					
1 January 2022	**403**	**72,754**	**1,397**	**–**	**(10,157)**	**64,397**
Comprehensive income for the period						
Loss for the period	–	–	–	–	(7,553)	(7,553)
Other comprehensive income						
Translation reserve	–	–	–	–	(102)	(102)
Defined benefit pension scheme	–	–	–	–	(10)	(10)
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**(7,665)**	**(7,665)**
Contributions by and distributions to owners						
Issue of shares	2	–	998	–	–	1,000
Share-based payment	–	–	–	–	676	676
Shares to be issued	–	–	–	532	–	532
Total contributions by and distributions to owners	**2**	**–**	**998**	**532**	**676**	**2,208**
30 June 2022	**405**	**72,754**	**2,395**	**532**	**(17,146)**	**58,940**

NOTES FORMING PART OF THE INTERIM CONDENSED 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 30 June 2023, the main shareholders of the Parent Company are Marco Marlia, original founder and CEO of the Group who holds approximately 13.6% of the share capital, Marco de Michele and Fabio Gurgone, who both own 13.1%, and 83 North, who directly holds approximately 20% of the share capital.

The statutory consolidated financial statements of the Company for the year ended 31 December 2022 have been filed with Companies House on 15 June 2023.

These Interim Condensed Consolidated Financial Statements have neither been reviewed nor audited.

The main events of the first six months of 2023 are the following:
- acquisition of GestionaleAuto.com S.r.l. in June 2023, a leading automotive retail solutions provider that serves over 2,000 dealerships in Italy. Founded in 2004, GestionaleAuto.com is a prominent SaaS player in the Italian digital automotive retail market. The company provides car dealers with a comprehensive suite of digital solutions focused on multi-publishing stock management, omnichannel digital showroom capability, and lead generation and follow-up.
- reserved capital increase of €3 million with Lucerne Capital Management to further bolster the Group's external growth strategy.

The Interim Condensed Consolidated Financial Statements were approved for issuance by the Board of Directors on 28 July 2023.

2. SUMMARY OF THE ACCOUNTING STANDARDS USED

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting. As permitted by IAS 34, the Interim Condensed Consolidated Financial Statements do not contain all the information that is required for a full set of financial statements and should therefore be read in conjunction with the Company's last annual consolidated financial statements as at and for the year ended 31 December 2022 and any public announcements made by the Company during the interim reporting period.

The principal accounting policies and methods of computation applied in these Interim Condensed Consolidated Financial Statements are consistent with those applied in the consolidated annual financial statements for the year ended 31 December 2022. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Form and content of the Interim Condensed Consolidated Financial Statements

The format of the Interim Condensed Consolidated Financial Statements and related classification criteria adopted by the Group (among the options available under IAS 1 – Presentation of Financial Statements) are as follows:
- the consolidated statement of financial position shows current and non-current assets separately, and current and non-current liabilities in the same way;
- the consolidated statement of profit and loss and other comprehensive income shows a classification of costs and revenues by nature; 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 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.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. SUMMARY OF THE ACCOUNTING STANDARDS USED CONTINUED

2.2 Subsidiaries of MotorK Plc included in the Interim Condensed Consolidated Financial Statements

The Interim Condensed Consolidated Financial Statements include the financial statements of the Parent Company, MotorK Plc, and its subsidiaries. Where necessary, specific adjustments were made at the consolidated level to standardise the Group's financial statements to the EU-IFRS accounting standards.

Below we report the list of companies included in the Interim Condensed Consolidated Financial Statements prepared by the Parent Company, MotorK Plc, as at 30 June 2023, indicating the share capital held by the Group.

		Proportion of ownership interest at		
Name	Country of incorporation and principal place of business	30 June 2023	31 December 2022	30 June 2022
MotorK Italia S.r.l.	Italy	100%	100%	100%
MotorK Spain Gestiones Comerciales	Spain	100%	100%	100%
MotorK Deutschland GmbH	Germany	100%	100%	100%
MotorK France S.a.r.l.	France	100%	100%	100%
For Business S.r.l.	Italy	100%	100%	100%
MotorK Israel Ltd	Israel	100%	100%	100%
DealerK Technology Solutions, Unipessoal Lda	Portugal	100%	100%	100%
DriveK Italia S.r.l.	Italy	100%	100%	100%
FusionIT	Belgium	100%	100%	100%
FranceProNet S.A.S.	France	100%	100%	100%
SFD S.A.S.	France	100%	100%	100%
ICO International GmbH	Germany	100%	100%	–
Auto XY S.p.A.	Italy	20%	20%	–
GestionaleAuto.com S.r.l.	Italy	100%	–	–
Fidcar S.A.S.*	France	–	–	100%
Liotey S.a.r.l.*	France	–	–	100%
PDA DAPDA, S.L.**	Spain	–	–	100%
DAPDA Media, S.L.**	Spain	–	–	100%
DriveK France S.A.S.***	France	–	–	100%
DriveK Solution S.L.***	Spain	–	–	100%

* Merged into MotorK France in December 2022 with accounting and tax effects effective from January 2022.
** Merged into MotorK Spain in December 2022 with accounting and tax effects effective from January 2022.
*** Transferred to Auto XY S.p.A. in the context of the selling of the DriveK business unit completed in December 2022. For more details please refer to the paragraph 24 'discontinued operations' of the 2022 Group Annual Report, page 113 and 114.

During the first six months of FY2023, the consolidation area changed as a result of the acquisition of the following company:
- GestionaleAuto.com S.r.l. a prominent SaaS player in the Italian digital automotive retail market acquired in June 2023. For more details please refer to the paragraph 'Business combinations' of these Interim Condensed Consolidated Financial Statements.

Further details regarding the acquisitions are provided in Note 1 above under 'General information'.

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

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. SUMMARY OF THE ACCOUNTING STANDARDS USED CONTINUED

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

MotorK Italia S.r.l.	Via Ludovico D'Aragona n. 9 – 20132 Milan, Italy
MotorK Spain Gestiones Comerciales	Calle Muntaner 305 Planta PR Puerta 2 – 08021 – Barcelona, Spain
MotorK Deutschland GmbH	Destouchesstr. 68 – 80796 – München, Germany
MotorK France S.a.r.l.	168, avenue Charles De Gaulle 9220 Neuilly-sur-Seine – Paris, France
For Business S.r.l.	Via Ludovico D'Aragona n. 9 – 20132 Milan, Italy
MotorK Israel Ltd	3 Arik Einstein St Herzliya, Israel
DealerK Technology Solutions, Unipessoal Lda	Avenida de República n. 50, 10 – 1069 – 211 Lisbon, Portugal
DriveK Italia S.r.l.	Via Ludovico D'Aragona n. 9 – 20132 Milan, Italy
FusionIT N.V.	Mechelsesteenweg 203 box 2, 2018 Antwerp, Belgium
ICO International GmbH	Berner Straße 107 – 60437 Frankfurt am Main, Germany
FranceProNet S.A.S	61 Rue Pierre Cazeneuve – 31200 Toulouse, France
SFD S.A.S	61 Rue Pierre Cazeneuve – 31200 Toulouse, France
Auto XY S.p.A.	Via Maremonti n. 41 – Lecce, Italy
GestionaleAuto.com S.r.l.	Viale Asiago n. 113 – Bassano del Grappa, Italy

2.3 Basis of preparation

The preparation of the Interim Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of these Interim Condensed Consolidated Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Moreover, certain valuation procedures, those of a more complex nature regarding matters such as any impairment of non-current assets, are only carried out in full during the preparation of the annual financial statements, when all the information required is available, other than in the event that there are indications of impairment, when an immediate assessment is necessary. In the same way, the actuarial valuations that are required for the determination of employee benefit provisions are also usually carried out during the preparation of the annual consolidated financial statements, unless in the event of significant market fluctuation, plan amendments or curtailments and settlements.

3. GOING CONCERN

In preparing the interim condensed consolidated 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 excellent results in terms of growth during the first half of the year 2023 and the expectation of the Company's future performance.

The Business Plan covering the period 2023-2027 prepared by Management, basis for going concern assessment made in the context of FY2022 Annual Report, is substantially confirmed and it 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 stabilisation towards cash flow breakeven.

To reinforce the cash position of the Group, management is dealing with different financial institutions to enter into a financial loan necessary to ensure more flexibility in terms of investments and working capital needs.

In 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 considered and reflected in the aforementioned Business Plan. Due to the nature of MotorK, key digital suppliers of our customers, management concluded that such elements do not have a significant impact on going concern assessment.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

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

To the extent relevant, all IFRS standards and interpretations including amendments that were in issue and effective from 1 January 2023, have been adopted by the Group from 1 January 2023. These standards and interpretations had no material impact for the Group. All IFRS standards and interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2023 have not yet been adopted.

5. ACCOUNTING POLICIES

The accounting policies applied in these Interim Condensed Consolidated Financial Statements are the same as those applied in the Company's consolidated financial statements as at and for the year ended 31 December 2022.

The new and amended standards effective from 1 January 2023 do not have a material effect on the Interim Condensed Consolidated Financial Statements.

6. SEASONALITY

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

7. 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.

8. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these Interim Condensed Consolidated Financial Statements, the Management Board is required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The areas that involve critical accounting judgement and key sources of estimation uncertainty are the same as those described in the Company's consolidated financial statements as at and for the year ended 31 December 2022.

9. FINANCIAL INSTRUMENTS – RISK MANAGEMENT

MotorK Group is exposed to risks that arise from its use of financial instruments. The Interim Condensed Consolidated Financial Statements do not include all the information and notes on financial risk management required in the preparation of the annual consolidated financial statements. For a detailed description of this information for the Group, reference should be made to Note 8 of the consolidated financial statements for the period ended 31 December 2022 as presented in the 2022 Annual Report as 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.

Financial assets

The following table shows financial assets by category, as defined by IFRS 9, as of 30 June 2023 and 31 December 2022:

€'000	30 June 2023	31 December 2022
Financial assets at amortised cost		
Non-current assets – security deposit	193	194
Trade receivables	11,665	11,347
Other receivables	91	59
Cash and cash equivalents	5,465	19,223
Total	**17,414**	**30,823**

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

Trade receivables are stated net of provision for impairment.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

Financial liabilities

The following table shows financial liabilities by category, as defined by IFRS 9, as of 30 June 2023 and 31 December 2022:

€'000	30 June 2023	31 December 2022
Financial liabilities at amortised cost		
Trade and other payables	7,713	8,391
Current financial liabilities	3,721	676
Current lease liabilities	1,201	972
Non-current financial liabilities	7,540	7,618
Non-current lease liabilities	2,885	3,665
Total	**23,060**	**21,322**

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.

10. REVENUE

Disaggregation of revenue

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

	For the six months ended 30 June 2023			
€'000	SaaS platform	Digital marketing	Other revenues	Total
Primary geographic market				
Italy	8,252	3,373	1,710	13,335
Spain	2,407	331	127	2,865
France	2,266	–	116	2,382
Germany	1,974	–	–	1,974
Benelux	1,344	–	–	1,344
Total	**16,243**	**3,704**	**1,953**	**21,900**

	For the six months ended 30 June 2022			
€'000	SaaS platform	Digital marketing	Other revenues	Total
Primary geographic market				
Italy	7,285	3,340	1,387	12,012
Spain	1,699	296	69	2,064
France	2,058	–	361	2,419
Germany	242	3	–	245
Benelux	160	–	11	171
Total	**11,444**	**3,639**	**1,828**	**16,911**

Revenues related to SaaS platform contracts amounts to €16.2 million as at 30 June 2023, compared with €11.4 million as at 30 June 2022 an increase of 42% compared to the previous period.

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

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

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10. REVENUE CONTINUED

Digital marketing revenues amounting to €3.7 million as at 30 June 2023, in line with €3.6 million as at 30 June 2022, are related to services for the dealer in order to acquire enhanced online traffic.

Other revenues amounting to €2.0 million as at 30 June 2023 are in line with €1.8 million as at 30 June 2022 and includes other minor services provided by the Group.

11. GROUP OPERATING LOSS

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

€'000	For the six months ended 30 June 2023	2022
Costs for customer media services	3,634	3,418
Personnel costs	17,810	14,321
R&D capitalisation	(4,714)	(2,710)
Other operating costs	8,551	6,235
Amortisation and depreciation	3,869	2,541
Total costs	**29,150**	**23,805**

The slight increase of costs for marketing and call centre services is directly attributable to the increase of revenue from digital marketing as already stated in Note 10.

Personnel costs are shown in the following table:

€'000	For the six months ended 30 June 2023	2022
Wages and salaries	11,662	9,108
Social security costs	3,716	2,795
Employee benefit pension cost	375	319
Severance indemnity	118	229
Earn out payment costs	913	808
Share-based payments	668	676
Directors' emoluments	358	386
Total	**17,810**	**14,321**

The increase of the caption wages and salaries compared to last year is mainly due to the increase in the average number of employees mainly due to the acquisitions completed between July 2022 and June 2023.

Share-based payments includes the accrual of the stock option costs as required by IFRS 2. The amount is in line with the same period of FY2022.

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. In particular, IFRS 3 provides that contingent considerations that are automatically forfeited if key employees are terminated are not considered as part of the consideration paid but are reported as remuneration for post-combination services and recognised in profit and loss.

Other operating costs includes mainly consultant fees for approximately €3.2 million, software expenses for €1.9 million, hosting expenses for €0.8 million, travel expenses for €0.5 million, events expenses for €0.3 million, exceptional costs of €0.3 million related to one-off projects and €1.5 million of other ancillary costs.

Amortisation and depreciation expenses includes:
- amortisation of intangible assets of approximately €3.2 million for the first six months of FY2023 (€2.0 million for same period of FY2022) mainly related to development costs capitalised; and
- depreciation of tangible assets for approximately €0.7 million for the first six months of FY2023 (€0.5 million for same period of FY2022).

The increase compared to the previous period is related to some R&D projects completed at the end of 2022 and whose amortisation plan started at the beginning of the FY2023.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12. FINANCE INCOME AND EXPENSE

Finance income and expense are shown in the following tables:

	For the six months ended 30 June	
€'000	2023	2022
Interest received on bank deposits	9	3
Gain on foreign exchange	4	79
Total finance income	**13**	**82**

	For the six months ended 30 June	
€'000	2023	2022
Bank loans and overdrafts	298	189
Loss on foreign exchange	60	–
Other loans	–	7
Net interest expense on defined benefit pension scheme	20	6
Interest expenses on lease liabilities	–	53
Other	122	52
Total finance expense	**500**	**307**

The increase of costs related to bank loans and overdrafts is related to the increase of interest rates of variable loans compared to the previous year.

13. CORPORATE INCOME TAX

Corporate income taxes are shown in the following table:

	For the six months ended 30 June	
€'000	2023	2022
Foreign subsidiaries income taxes	(171)	(202)
Total current tax	**(171)**	**(202)**
Origination and reversal of temporary differences	109	33
Total deferred tax	**109**	**33**
Corporate income tax	**(62)**	**(169)**

Corporate income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year for each entity of the Group, roughly 30% of the profit before tax.

Management did not accrue deferred tax assets mainly on tax losses carrying forward in the UK and Italy for an amount of approximately €12.1 million due to the uncertainty in the timing in which such loss will be utilised.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. INTANGIBLE ASSETS

Details of intangible assets increase and decrease for the six months ended 30 June 2023 are provided in the following table:

€'000	Customer relationships	Trademark	Development costs and software	Goodwill	Total
Cost					
As at 1 January 2023	**5,897**	**1,064**	**27,617**	**18,165**	**52,743**
Additions – internally generated	–	–	4,714	–	4,714
Additions	–	–	17	–	17
Acquired through business combinations	–	–	815	6,064	6,879
As at 30 June 2023	**5,897**	**1,064**	**33,163**	**24,229**	**64,353**
Accumulated amortisation and impairment					
As at 1 January 2023	**942**	**116**	**14,928**	**–**	**15,986**
Charge for the period	280	90	2,842	–	3,212
As at 30 June 2023	**1,222**	**206**	**17,770**	**–**	**19,198**
Net book value					
As at 1 January 2023	**4,955**	**948**	**12,689**	**18,165**	**36,757**
As at 30 June 2023	**4,675**	**858**	**15,393**	**24,229**	**45,155**

Customer relationship

Customer relationships amounted to €4.7 million as at 30 June 2023 (€4.9 million as at 31 December 2022). Despite the loss in the first six months of FY2023, management has assessed that there are no impairment indicators, and therefore it is not necessary to prepare an impairment test.

Trademark

Trademark costs amounted to €0.8 million as at 30 June 2023 (€0.9 million as at 31 December 2022) and this is related to the fair value allocated as part of the consideration paid for the acquisition made in 2021 and 2022.

Development costs and software

Development costs amounting to €15.4 million as at 30 June 2023 (€12.7 million as at 31 December 2022) are due to the Group developing most of its technology and applications in-house. Such costs are related to continued development of new product offerings, applications, features and enhancements to existing digital services and solutions in the two dedicated hubs in Italy and Portugal. The increase of €0.8 million related to business combinations is mainly due to the acquisition of the GestionaleAuto.com software in place at the date of closing. Despite the loss during the first six months of FY2023, management has assessed that there are no impairment indicators, and therefore it is unnecessary to prepare an impairment test.

Goodwill

Increase of goodwill during the first six months of the year is related to the provisional fair value allocation of the difference between the consideration paid for the acquisition of GestionaleAuto.com and book value at the date of acquisition.

The Group, in accordance with the requirements of IAS 36, proceeded to verify the absence of impairment indicators as of 30 June 2023 with reference to the goodwill recorded in intangible assets. On the basis of management expectation of the Group results for the year ending 31 December 2023 no impairment indicators arisen and therefore, as of the date of these Interim Condensed Consolidated Financial Statements, no impairment test has been prepared.

The main assumptions for the determination of the recoverable amount, as well as the results of the impairment test carried out as of 31 December 2022, are illustrated in the 2022 Annual Report to which reference is made.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

15. PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment increase and decrease for the six months ended 30 June 2023 are provided in the following table:

€'000	Leasehold land and buildings	Fixtures and fittings	Motor vehicles	Computer equipment	Right-of-use assets	Total
Cost						
As at 1 January 2023	**409**	**193**	**27**	**608**	**7,969**	**9,206**
Additions	–	67	7	–	90	164
Acquired through business combinations	1	10	–	27		38
Disposals	–	–	–	–	(446)	(446)
As at 30 June 2023	**410**	**270**	**34**	**635**	**7,613**	**8,962**
Accumulated depreciation						
As at 1 January 2023	**327**	**88**	**6**	**293**	**3,492**	**4,206**
Charge for the period	8	8	6	61	574	657
Depreciation on disposals	–	–	–	–	(287)	(287)
As at 30 June 2023	**335**	**96**	**12**	**354**	**3,779**	**4,576**
Net book value						
As at 1 January 2023	**82**	**105**	**21**	**315**	**4,477**	**5,000**
As at 30 June 2023	**75**	**174**	**22**	**281**	**3,834**	**4,386**

Right-of-use assets amounting to €3.8 million as of 30 June 2023 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.

16. 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% share of AutoXY S.p.A. arisen from the business combination related to the sale of the DriveK Business Unit completed in December 2022. More detail regarding the operation is provided in Note 24 of the consolidated financial statements present in the 2022 Annual Report. As the transaction 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.

The caption non-current assets – security deposit, substantially in line compared to 31 December 2022, includes €0.1 million of deposits made by the Group mainly for the rental of the offices of the subsidiaries.

17. CONTRACT ASSETS AND TRADE AND OTHER RECEIVABLES

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

€'000	30 June 2023	31 December 2022
Non-current contract assets	9,170	7,294
Contract assets – current portion	14,305	13,440
Total contract assets	**23,475**	**20,734**
Trade receivables	11,665	11,347
Prepayments	852	889
Other receivables	115	86
Tax receivables	696	736
Total trade and other receivables	**13,328**	**13,058**

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17. CONTRACT ASSETS AND TRADE AND OTHER RECEIVABLES CONTINUED

Contract assets

The financial statement line-item contract assets is related to the application of IFRS 15 on SaaS platform revenue agreements and represents accrued income as at the reference date. Revenues related to the SaaS platform are related to multi-year contracts (12, 24 or 36 months) and are recognised at the moment in which the access to the platform is granted to the customers and therefore a related contract asset arises. Contract assets are subsequently billed monthly, quarterly or annually on the basis of the agreements entered into with customers.

The split between current and non-current portions depends on the duration of the agreement. The increase compared to December 2022 is explained by the growth of SaaS platform revenues.

Trade and other receivables

Trade receivables as at 30 June 2023 amounted to €11.7 million (€11.3 million as of 31 December 2022) and included invoices issued but not collected at the closing date for €10.4 million, invoices to be issued for €1.8 million net of provision for bad debt for an amount of €0.5 million (€0.5 million as at 31 December 2022).

The impairment allowance is a specific provision as provided by IFRS 9, when it is necessary to accrue a bad debt provision.

Movements in the impairment allowance for trade receivables are as follows:

€'000	2023
As at 1 January	**533**
Increase during the period	–
Increase for business combination	11
Receivables written off during the period as uncollectable	–
As at 30 June	**544**

18. CASH AND CASH EQUIVALENTS

The caption cash and cash equivalents in the consolidated statement of financial position amounting to €5.5 million (€19.2 million as at 31 December 2022) is related to cash available in bank accounts of the Group subsidiaries. The amount includes €0.2 million of cash deposited onto prepaid cards used by employees as petty cash as at 30 June 2023 (€0.3 million as at 31 December 2022).

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

Cash and cash equivalents are deposited with top rated banks.

19. TRADE AND OTHER PAYABLES AND TAX PAYABLE

Trade and other payables are shown in the following table:

€'000	30 June 2023	31 December 2022
Trade payables	2,635	2,694
Accruals	1,213	2,465
Total trade payables	**3,848**	**5,159**
Other payables including tax and social security payments	8,234	6,862
Total current trade and other payables	**12,082**	**12,021**

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

Trade payables amount to €2.6 million as at 30 June 2023 compared to €2.7 million as at 31 December 2022.

Accruals includes invoices to be received for service rendered in the first six months of FY2023.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19. TRADE AND OTHER PAYABLES AND TAX PAYABLE CONTINUED

Other payables amounting to €8.2 million as at 30 June 2023 includes:

- contract liabilities of €3.1 million (€2.0 million as at 31 December 2022). This is mainly related to the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June related to the post contract support activities;
- emoluments to be paid to the Directors for €0.1 million (€0.1 million as at 31 December 2022);
- liabilities towards employees for bonus' to be paid in 2023 for €0.6 million (€0.5 million as at 31 December 2022);
- other liabilities towards employees and related social security charges of approximately €4.2 million (€3.9 million as at 31 December 2022); and
- other minor liabilities for €0.2 million (€0.4 million as at 31 December 2022).

€'000	30 June 2023	31 December 2022
Corporate tax liabilities	2,493	3,041
VAT liabilities	879	801
Total tax payable	**3,372**	**3,842**

Corporate tax liabilities include mainly the tax provision booked in MotorK Israel Ltd as at 31 December 2021 for €2.1 million whose payment is expected in the second half of FY2023 and the tax provision booked in Spain, France, Portugal and Germany for €0.1 million.

20. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities include:

€'000	30 June 2023	31 December 2022
Bank loan	34	65
Other financial liabilities	3,687	611
Total current financial liabilities	**3,721**	**676**
Current lease liabilities	**1,201**	**972**
Bank loan	7,540	7,534
Other financial liabilities	–	84
Total non-current financial liabilities	**7,540**	**7,618**
Non-current lease liabilities	**2,885**	**3,665**

Other financial liabilities include the deferred consideration to be paid to the former shareholders of GestionaleAuto.com for €3.2 million due in December 2023 and June 2024, €0.2 million of deferred consideration due to the former shareholders of Webmobil24 and €0.2 million related to credit card liabilities settled in July 2023.

Bank loan includes the loan in place with Illimity Bank guaranteed by SACE SIMEST for 90%. The bank loan 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). Based on the forecast analysis made by management there is no indicator that such financial covenants may not be respected at testing date.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

21. PROVISIONS

Provisions classified within current liabilities amounts to €4.9 million as at 30 June 2023 (€0.5 million as at 31 December 2022) and include the current portion of earn-out provision to be paid before end of June 2024. Provisions classified within non-current liabilities amounts to €0.1 million (€4 million as at 31 December 2022).

The movement of current and non-current provisions is shown below:

€'000	2023
Current provisions as at 1 January	**551**
Release for the period	(138)
Reclassification from non-current provisions	3,846
Accrual for the period	629
Current provisions as at 30 June	**4,888**

€'000	2023
Non-current provisions as at 1 January	**3,987**
Release for the period	(30)
Reclassification to current provisions	(3,846)
Accrual for the period	–
Non-current provisions as at 30 June	**111**

22. EMPLOYEE BENEFIT LIABILITY

Staff severance indemnity, mandatory pursuant to art. 2120 of the Italian Civil Code, is a deferred compensation and is based on the years of service of the employee and on the compensation received during the period of service.

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

Employee benefit plan costs increased by €0.1 million compared to 31 December 2022.

23. DEFERRED TAX LIABILITIES

The movement of deferred tax liabilities is shown below:

€'000	2023
As at 1 January	**1,471**
Business combination	–
Recognised in profit and loss	(109)
As at 30 June	**1,362**

Details of deferred tax liabilities are shown below:

€'000	30 June 2023	31 December 2022
Other	233	274
Customer relationship	1,129	1,197
Total	**1,362**	**1,471**

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24. SHAREHOLDERS' EQUITY

Share capital

The share capital is composed as follows:

	As at 30 June 2023			As at 31 December 2022		
€'000	Value (€'000)	Number	Value per share (€)	Value (€'000)	Number	Value per share (€)
Ordinary shares	404	40,387,443	0.01	403	40,310,252	0.01
Total	**404**	**40,387,443**	**0.01**	**403**	**40,310,252**	**0.01**

During the first six months of FY2023 share capital changed due to the following:

- increase of €13 thousand of share capital value due to the Lucerne Capital Management capital increase;
- decrease of €14 thousand of share capital value due to the Buyback program in place in the first six months of the year; and
- increase of €2 thousand of share capital value due to the conversion of stock option into ordinary shares.

25. DISCONTINUED OPERATIONS

During FY2022 the Group has completed the sale of the DriveK business unit classified as held for sale in the interim condensed financial statements ended 30 June 2022. For a detail description of the transaction please refer to pages 113 and 114 of the 2022 Annual Report.

Financial information relating to the discontinued operation is set out below only for comparative purposes.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the six months ended 30 June 2023 and 2022.

	For the six months ended 30 June	
€'000	2023	2022
Revenue	–	2,828
Costs for customer media services	–	1,797
Personnel costs	–	877
R&D capitalisation	–	–
Other operating costs	–	419
Amortisation and depreciation	–	–
Total costs	**–**	**3,093**
Operating profit	**–**	**(265)**
Finance expense	–	–
Profit before tax	**–**	**(265)**
Corporate income tax	–	–
Profit after income tax of discontinued operation	**–**	**(265)**

	For the six months ended 30 June	
€'000	2023	2022
Net cash flows from/(used in) operating activities	–	268
Net cash from/(used in) investing activities	–	–
Net cash from/(used in) financing activities	–	–
Net increase in cash generated by the business	**–**	**268**

Assets and liabilities of disposal group as held for sale

As reported in the 2022 Annual Report the selling of the DriveK business unit was completed in December 2022 and therefore no assets and liabilities are classified as held for sale as of 31 December 2022 and 30 June 2023.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

26. TRANSLATION OF FOREIGN COMPANIES' FINANCIAL STATEMENTS

The exchange rates used to translate non-eurozone company financial statements are as follows:

	As of 30 June 2023		As of 30 June 2022	As of 31 December 2022
€'000	Average exchange rate	Six months-end exchange rate	Average exchange rate	Year-end exchange rate
Israeli Shekel	3.8848	4.0486	3.5758	3.7554

27. EARNINGS PER SHARE

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

	For the six months ended 30 June	
€'000	2023	2022
Loss for the period	(7,799)	(7,553)
Loss from continuing operations	(7,799)	(7,288)
Loss from discontinued operations	–	(265)
Weighted average number of shares	39,576,569	40,360,593
Earnings per share (in Euros)	(0.20)	(0.19)
Earnings per share from continuing operations (in Euros)	(0.20)	(0.18)
Earnings per share from discontinued operations (in Euros)	–	(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.

28. BUSINESS COMBINATIONS

The acquisition described below was completed by the Company during the first six months of the year ended 30 June 2023 and it was made in the context of the Group's growth strategy. In accordance with IFRS 3, management has decided to allocate the difference between the consideration paid and net book value at closing date entirely to goodwill as provisional fair value in light of the fact that the acquisition was made in June 2023. Further analysis on the purchase price allocation will be conducted in the second half of FY2023 as provided by IFRS 3.

GESTIONALEAUTO.COM S.r.l.

On 16 June 2023 MotorK Group completed the acquisition of GestionaleAuto.com S.r.l.

GestionaleAuto.com is a leading automotive retail solutions provider that serves over 2,000 dealerships in Italy. Founded in 2004, GestionaleAuto.com is a prominent SaaS player in the Italian digital automotive retail market. The Company provides car dealers with a comprehensive suite of digital solutions focused on multi-publishing stock management, omnichannel digital showroom capability, and lead generation and follow-up.

The acquisition of GestionaleAuto.com aligns with MotorK's M&A strategy to consolidate the market and strengthen its leadership position in Europe's digital automotive retail market.

The initial consideration paid for GestionaleAuto.com amounts to €3.2 million in cash. In addition to the initial cash consideration, already paid as at 30 June 2023, a deferred consideration of €3.2 million is due in cash in the next 12 months.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

28. BUSINESS COMBINATIONS CONTINUED

Since the acquisition date, GestionaleAuto.com contributed €0.1 million to Group revenue and €0.01 million to the Group consolidated result in the Interim Condensed Consolidated Financial Statements closed as at 30 June 2023. Details of the provisional fair value of identifiable assets and liabilities acquired purchase consideration and goodwill are as follows:

GestionaleAuto.com S.r.l. (€'000)	Book value at acquisition date	Adjustment	Restated fair value
Development costs and software	815	–	815
Goodwill	18	–	18
Property, plant and equipment	38	–	38
Receivables	885	–	885
Cash at bank and in hand	169	–	169
Payables	(1,471)	–	(1,471)
Total net assets (A)	**454**	**–**	**454**
Fair value of consideration			
Cash			3,250
Deferred consideration			3,250
Total consideration (B)			**6,500**
Goodwill (B)-(A)			**6,046**

29. RELATED PARTY TRANSACTIONS

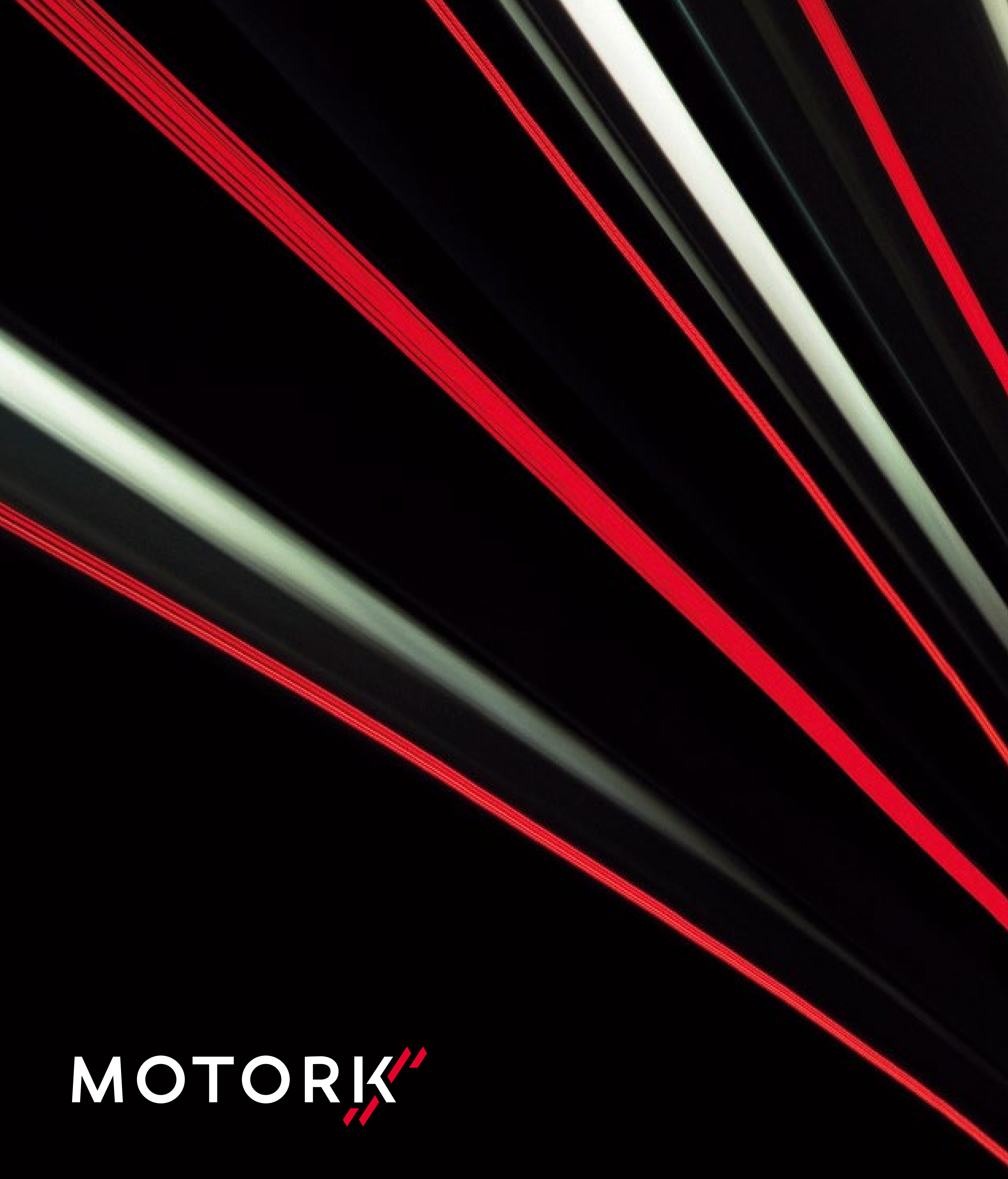
The remuneration of the members of the Management Board is determined by the Remuneration Policy. For an explanation of the Remuneration Policy pertaining to the members of the Management Board, we refer you to the Remuneration Committee Report included in the 2022 Annual Report. The total remuneration for the Directors amounted to €0.4 million in the first half of 2023 (first half 2022: €0.4 million).

30. POST BALANCE SHEET EVENTS

No significant events to be highlighted which have occurred between 30 June 2023 and the date of publication of this report.

COMPANY INFORMATION

Directors	Amir Rosentuler (Executive 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
Company website	www.motork.io



MOTORK INVESTOR RELATIONS

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