DRIVING TECHNOLOGY FORWARD

MOTORK

HALF-YEAR REPORT 2024

Our heart beats for the digital automotive industry.

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

WE ARE MOTORK

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

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

Marco Marlia
Chief Executive Officer

H1 HIGHLIGHTS

Revenues
€21.5m
H1 2023: €21.9m

EBITDA Margin
7%
H1 2023: -6%

Net cash*
€7.1m
December 2023: €3.5m

Adjusted EBITDA**
€1.6m
H1 2023: -€1.4m

Committed annual recurring revenues (CARR)***
€39.6m
December 2023: €38.6m

PDF/PRINTED VERSION

This document is the PDF/printed version of MotorK's 2024 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 contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. Such forward-looking statements speak only as of the date of this 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.

* 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.
** This is a non-GAAP measure considered relevant by management and it is considered a Group Alternative Performance Measure ("APM"). Relevant explanations are provided on page 154 of the FY 2023 Annual Report.
*** This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Relevant explanations are provided on page 152 of the FY 2023 Annual Report.

WE ARE MOTORK

Tech mindset,
automotive focus

SIMPLIFYING THE DIGITAL LANDSCAPE

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

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

Integrations

200+

automotive-specific features

OUR PLATFORM

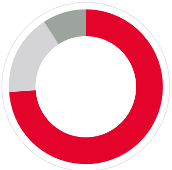
Our open and scalable automotive retail platform, SparK, enables dealers and OEMs to move in step with changing consumer behaviour by integrating sales, marketing and operations activities into a single, cost-effective outsourced solution.

BROAD GEOGRAPHICAL FOOTPRINT

We operate through 12 offices in 8 countries, employing 399* people.

REVENUE

Revenue mix



- SaaS platform** 75% (H1 2023: 74%)
- Digital marketing 21% (H1 2023: 17%)
- Other revenues 4% (H1 2023: 9%)

* This is the number of employees at the end of the reporting period (please refer to the Financial and Non-Financial KPIs section on page 16).
** SaaS platform revenues include recurring revenue and contract start-up revenue as disclosed in the section Financial and Operating Review on page 12 of this Half-Year Report.

MOTORK REPORTS ROBUST PERFORMANCE FOR H1 2024

"I am delighted to share the results of the first half of 2024. We have effectively capitalised on our positive commercial momentum while streamlining operations and leveraging synergies across our business. This strategic focus has not only put us on the path to achieving our profitability goals but also ensured that our growth trajectory remains robust. MotorK's performance underscores our resilience and competitiveness in the European market. We remain unwavering in our commitment to growth, efficiency, and delivering exceptional value to our stakeholders. We are confident in our ability to meet our full-year targets."

Amir Rosentuler
Executive Chairman

H1 2024 FINANCIAL HIGHLIGHTS

- **Cash EBITDA Positive:** starting from the end of Q3 2024, we are on track to achieve positive Cash EBITDA on a monthly basis, marking a significant milestone in our financial performance.
- **Cost Efficiency:** we have successfully managed our cost base, ensuring it remains lower than in 2023 despite our growth initiatives. This efficient cost management will help us sustain profitability in the long term.
- **Adjusted EBITDA:** stands at €1.6 million, a substantial improvement compared to the negative €1.4 million in the first six months of FY 2023. This turnaround reflects our successful efforts to drive profitability.
- **CARR as at 30 June 2024:** €39.6 million, a 14% growth year-on-year, below budget due to longer sales cycle on some significant deals still expected to close before year end.
- **Recurring billings:** amounted to €17 million, up 19% year on year, and representing 79% of total revenues, demonstrating continued improvement in the revenue mix and the growing reliance on recurring income streams.
- **Acquired Businesses Migration:** continuous progress in migrating, upselling and cross-selling of acquired services, with a view to complete migration of four services onto MotorK product suite by end of H1 2025, as MotorK continues to reach synergies and prepare for new additional acquisitions.
- **Pipeline:** largest pipeline of opportunities in the Company's history, providing growth visibility for H2 2024, with €10.0 million in Retail and €12.6 million in Enterprise.
- **Net Borrowing Position:** our net borrowing position improved to -€16.6 million, compared to -€21.3 million in December 2023. This positive change is attributed to a Reserved Capital Increase of €14 million, net of free cash flow, exceptional items, and interest paid during the period.

STRATEGIC FOCUS ON PROFITABILITY

MotorK entered 2024 with a firm commitment to achieve cash EBITDA profitability. A comparison of the first half of the year with the same period in 2023, highlights significant achievements in this direction. FY 2023 was marked by ambitious growth plans necessitating strategic investments in workforce and expanded overheads due to M&A integrations impacting short-term profitability. As planned, the related beneficial long-term effects started to materialise in the first half of the current year. In addition, a focused effort on optimising operations, reallocating resources, and activating synergies across multiple countries and departments led MotorK to successfully reach a turning point. The full-time equivalent (FTE) count decreased by 14% from 466 last year to 399, and translated into €2.3 million savings on total personnel costs. This, along with additional streamlining efforts, contributed to reducing the Group's total operating cost base by 14% compared to H1 2023, from €23.3 million to €19.9 million. As a result, the adjusted EBITDA for the period increased to €1.6 million, compared to -€1.4 million in 2023, while the cash EBITDA raised to -€3.3 million compared to -€9.3 million in June last year. These achievements demonstrate the Group's capability to reduce the cost base without compromising the growth goals, leading to significant improvements over the original budget and unlocking additional infrastructure cost savings toward the end of the year.

OPERATIONAL HIGHLIGHTS

In the first six months of 2024, the Group recorded solid CARR growth to €39.6 million, a 14% uplift compared to the same period last year.

The increased focus on Enterprise segment, now accounting for 21% of the Annual Recurring Revenue ("ARR") (17% in H1 2023), underlines the Company's ability to meet the specific OEM need for an innovative comprehensively integrated partner capable of dealing with complex multi-country projects, and to successfully implement retention strategies to generate more value. This is evident in MotorK's 116.6% NRR (compared to 115.3% last year), the healthy €205 thousand ACV (up 6% year-on-year) and low churn rate of 4.2%. Due to the longer sales cycle intrinsic to the Enterprise segment, a handful of high ARR deals have experienced slight delays, pushing their signing to the second half of the year. The management team is confident that these negotiations will be finalised in the upcoming months. For this reason, and factoring a €13.5 million pipeline visibility for the segment, the expectations for the second part of the year are in line with the CARR guidelines.

The Retail segment demonstrated resilience and strategic progress with overall NRR of 109%, underpinned by a stable low churn rate of 6.6%. These healthy retention metrics kept the positive ACV momentum going, translating into a high segment ACV of €19.8 thousand.

As of June 2024, the Company benefits from a Retail Pipeline valued at €10 million and an Enterprise Pipeline valued at €12.6 million, representing a record and providing strong visibility for the second half of 2024.

OUTLOOK

Looking ahead to the second half of the year, MotorK is building positive momentum in FY 2024, confirming the initial CARR guideline of €50 million. Emphasising its strategic shift towards a more Enterprise-focused revenue mix, the Group benefits from a robust pipeline of opportunities as of H1 2024 and anticipates another high-performing end of the year. Given this outlook, MotorK is confident of meeting its booking targets.

In terms of Cash EBITDA, the focus on optimising the organisational structure and activating cost synergies across departments exceeded expectations, positioning the company for long-term efficiency and growth. Considering the slight delays of some large contracts initially forecasted to materialise in the first half of the year, profitability guidance has been slightly revised. MotorK is confident in achieving a positive Cash EBITDA position on a monthly basis starting from end of Q3 2024.

With a strategic focus on profitability and a robust growth plan, MotorK is well-positioned to capitalise on opportunities and deliver value to its customers in the dynamic digital automotive retail market.

Directors' Report

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 2024 the Group has confirmed its trajectory to profitability recording an excellent result of Adjusted EBITDA landed at €1.6 million compared to negative €1.4 million of the first six month of the year 2023.

The main events of the first six months of 2024 are the following:

- On 5 February 2024, the Group successfully executed a reserved capital increase of €12.3 million. The participants in this strategic round included 83North, Lucerne, PROCAR Automobile and Anfield Ltd. Such reserve resulted in the issue of 4,088,388 new ordinary shares. In addition, these newly issued shares will be subject to a six-month lock-up period.
- On 4 March 2024 the above-mentioned capital injection has been strengthened with a top-up of €5 million loan tranche from Atempo Growth, building on the initial €5 million loan facility agreement secured in October FY 2023.
- On 24 April 2024, the Group announces the successful implementation of a reserved capital increase of €1.7 million. The reserved capital increase, based on a reference price per share of €4.00, results in the issue of 425,000 new ordinary shares, with a six-month lock-up period.

As such, the combined €19 million of new acquired liquidity provides operational flexibility, smoothing the path to profitability forecasted for FY 2024. This strategic step underscores the collective confidence of both existing and new investors in MotorK's potential, solidifying their collaborative commitment to the Group's sustained growth and ongoing success.

UPDATE REGARDING PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY

In its 2023 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 2024 and will remain the same in the second half of 2024. 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 FY 2024 the Group has not entered into transactions involving derivative instruments. Details of which the

"During the first six months of the year 2024 the Group has confirmed its trajectory to profitability already announced in the 2023 Annual Report."

Board of Directors considers the main financial risks facing the Company are set out on page 66 of the 2023 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 2023 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 the sales for dealerships may lead to lower sales volumes for the Group in specific months during summer and winter and a sales pick in the last quarter of the year. From a cash perspective the seasonality risk is naturally mitigated by business model, based on SaaS products offering, which improves the stability of our cash inflow. From a revenue and EBITDA perspective, due to the significant increase of the weight of the portion of SaaS platform revenue recognised point in time, commercial picks of the automotive market may have a slight impact on the seasonality of the Group’s operating results.

Risk relating to interest rate changes
The Group is exposed to risks associated with changes in variable interest rates, as certain of its credit facilities may bear interest at a floating rate. An increase or decrease in interest rates would affect the Group’s current interest expenses and the Group’s refinancing costs; however, this is not considered to be material. Interest rate risk may be mitigated against, in part, by the Group entering into hedging transactions in the form of derivative financial instruments, although such transactions are not risk-free. During FY 2024 no hedging derivatives have been entered by the Group.

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

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

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

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

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

In April 2024 MotorK announced the appointment of Ms. Helen Protopapas as Non-Executive Director of the Company, after Mauro Pretolani’s resignation.

Ms. Protopapas, 56, English, has a proven international background and skills as “Commercial CFO”, together with a successful track record in areas such as private equity and venture capital in internet technologies, M&A and fundraising, as well as cash flow management.

The other members of the MotorK Board of Directors were Amir Rosentuler, Marco Marlia, Måns Hultman, Laurel Charmaine Bowden remained unchanged compared to the year ended 31 December 2023.

The Executive Management Team, whose members are mentioned on pages 62 and 63 of the 2023 Annual Report, has been reinforced, in the first six months of the year 2024, with the appointment of Boaz Zilberman as Chief Operating Officer since April 2024.

During the first half of the year 2024 Etienne Jacquet terminated his office as a VP of Corporate Development & IR, Asaf Polturak terminated his office as a Chief of Staff, Philippe Schulz terminated his office as Chief Customer Officer and Jean Pierre Diernaz terminated his office as Chief Strategy Officer.

On 17 July 2024 the Group has announced that the current Group CFO Andrea Servo, will be leaving MotorK at the end of July and Zoltan Gelencser will be joining MotorK as new Group Chief Financial Officer (CFO). Zoltan Gelencser is currently SVP, Group FP&A at Sportradar (SRAD) and will bring a wealth of experience from a global finance executive career with Vodafone, eBay and General Electric. He holds a BA/BS degree from Oxford Brookes University and an MBA from London Business School. Until Mr. Gelencser assumes his new role, Amir Rosentuler, the Executive Chairman of MotorK, will take on the responsibilities of interim CFO.

SUBSIDIARIES OUTSIDE OF THE UK

Details of the Company's subsidiaries are set out on pages 24 to 25 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 FY 2024 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 2024 and the results for the first six months of 2024 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 Directors' 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 Group Interim Condensed Consolidated Financial Statements, management has applied the going concern principle based on its assessment of the Group's ability to continue as a going concern. In making such an assessment, management has considered the €19 million of cash injection achieved in the first months of FY 2024 and the expectation of the Group's future performance.

Management has updated the three-year Business Plan covering the period between 2024 and 2026 (that includes inflation assumptions on salaries) showing that the Group has the resources to cover its financial need for the foreseeable future. As per the Business Plan, during FY 2024 it is forecasted to burn a certain amount of cash so that cash and cash equivalents at year end 31 December 2024 and 31 December 2025 will land in a positive territory. Management is also currently under discussion to obtain further flexibility on cash needs with the use of some instruments to finance working capital. Such instruments will ensure that even a worst-case scenario of recurring billings reduction during the year, as shown in the sensitivity analysis, will have limited impact on the Group's cash position to 12 months from approval date of the Group Interim Condensed Consolidated Financial Statements, with no substantial effect on going concern assessment.

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

For this reason, the Directors continue to adopt the going concern basis in preparing the Group Interim Condensed Consolidated Financial Statements.

Signed by

Marco Marlia
Chief Executive Officer
24 July 2024
and

Andrea Servo
Chief Financial Officer
24 July 2024

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Interim Condensed Consolidated Financial Statements is 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 24 July 2024 and signed on its behalf by:

Marco Marlia
Director
24 July 2024

Financial and Operating Review

FINANCIAL AND OPERATING REVIEW

The Group's confirmed its trajectory to profitability recording an excellent Adjusted EBITDA result in the first half of 2024, fundamental step towards cash breakeven.

GROUP PERFORMANCE OVERVIEW

During the first six months of the year 2024 the Group has confirmed its trajectory to profitability recording a positive Adjusted EBITDA for an amount of €1.6 million compared negative €1.4 million of the previous period. Such results confirm the ability of the Group to benefit of full operating leverage of its cost base having done substantial investments in people and infrastructure in the past years.

Revenue slightly reduced to €21.5 million (compared to €21.9 million of the same period of FY 2023) reflecting the cyclicality of some 24 months contracts that were delivered or renewed in the first six month of FY 2023. The solid performance of MotorK business model is confirmed by the growth of the CARR* ("Committed Annual Recurring revenue") landed to €39.6 million compared to €38.6 million of December 2023.

Further details of Group performance are provided in the following pages.

* This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Relevant explanations are provided on page 152 of the FY 2023 Annual Report.

** This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Relevant explanations are provided on page 154 of the FY 2023 Annual Report.

Revenue

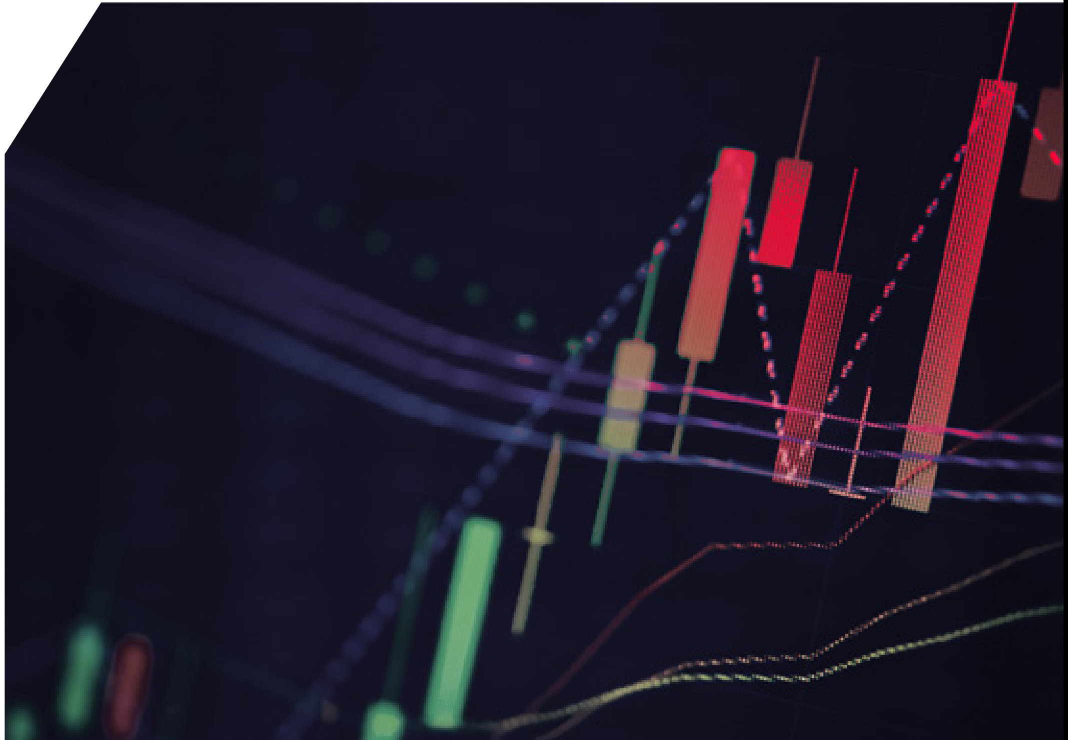
€21.5m

H1 2023: €21.9m

Adjusted EBITDA**

€1.6m

H1 2023: -€1.4m



RESULTS FOR THE PERIOD

€'000	30 June 2024	30 June 2023
Revenues	**21,464**	**21,900**
Cost for customers' media services	(4,034)	(3,634)
Personnel costs	(13,854)	(16,111)
R&D capitalisation	4,859	4,714
Other costs	(6,868)	(8,236)
Adjusted EBITDA	**1,567**	**(1,367)**
Exceptional costs	(1,097)	(1,346)
Stock option plan cost	(573)	(668)
EBITDA	**(103)**	**(3,381)**
Depreciation and amortisation	(5,133)	(3,869)
EBIT	**(5,236)**	**(7,250)**
Finance costs (net of finance income)	(1,129)	(487)
Loss before tax	**(6,365)**	**(7,737)**
Corporate income tax	(118)	(62)
Loss for the period	**(6,483)**	**(7,799)**

REVENUE

Group revenue for the first six months of FY 2024 amounted to €21.5 million compared to €21.9 million for the same period in FY 2023 with a decrease of 2% year-on-year. The reduction compared to the previous period is explained in the previous paragraph.

Revenue by product and service line

€'000	30 June 2024	30 June 2023	y-o-y change
SaaS platform revenue	16,091	16,243	(1)%
Digital marketing revenue	4,559	3,704	23%
Other revenue	814	1,953	(58)%
Total	**21,464**	**21,900**	**(2)%**

The performance of revenue is led by SaaS platform revenue amounting to €16.1 million in line with the previous period. Reduction of other revenue over total revenue confirmed the trajectory of the Group to focus on the SaaS business. Management believes this is an important indicator of the resilience of our growth.

SaaS platform revenue

€'000	30 June 2024	30 June 2023	y-o-y change
Recurring revenue*	16,004	16,125	(1)%
Contract start-up revenue	87	118	(26)%
SaaS platform revenue	**16,091**	**16,243**	**(1)%**
Recurring revenue as % of total revenue	**75%**	**74%**	**1%**
SaaS platform revenue as % of total revenue	**75%**	**74%**	**1%**

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

Revenues by country**

From a geographical standpoint the principal market continues to be Italy, representing 62% of Group revenues in the first six months of FY 2024.

€'000	30 June 2024		30 June 2023		y-o-y change
Italy	13,232	62%	13,335	61%	(1)%
Spain	1,980	9%	2,865	13%	(31)%
France	3,429	16%	2,382	11%	44%
Germany	1,323	6%	1,974	9%	(33)%
Benelux	1,500	7%	1,344	6%	12%
Total	**21,464**	**100%**	**21,900**	**100%**	**(2)%**

** It represents revenues broken down by the countries in which the legal entities are established, independently of the geographical location of the customers.

Opex

€'000	30 June 2024	30 June 2023	y-o-y change
Cost for customers' media services	(4,034)	(3,634)	11%
Personnel costs	(13,854)	(16,111)	(14)%
R&D capitalisation	4,859	4,714	3%
Other operating costs	(6,868)	(8,236)	(17)%
Amortisation and depreciation	(5,133)	(3,869)	33%
Total costs	**(25,030)**	**(27,136)**	**(8)%**

Costs, net of development costs capitalised, amounted to €25 million in the first six months of FY 2024, a decrease of 8% compared to the same period in FY 2023. In line with management expectation the Group start to benefit of the leverage of its cost base proofing that the investments made in the structure in the previous years are now stabilised and confirming the trajectory of profitability of the Group.

An important driver for MotorK growth continues to be the R&D investments amounting to €7.5 million substantially stable if measured over total Group revenue.

'000	30 June 2024	30 June 2023	y-o-y change
Total R&D expenses	7,539	7,608	(1)%
– of which capitalised	4,859	4,714	3%
– of which expensed in the income statement	2,680	2,894	(7)%
Total R&D expenses as a percentage of Group total revenue	**35%**	**35%**	–

Personnel costs amount to €13.8 million compared to €16.1 million of the previous period, a decrease of 14% year-on-year. The reduction is explained by a careful approach to the Group cost base grown a lot in the past two years and that is now reverting.

€'000	30 June 2024	30 June 2023	y-o-y change
Salaries and other personnel costs	10,705	12,395	(14)%
Social security costs	3,149	3,716	(15)%
Total personnel costs	**13,854**	**16,111**	**(14)%**

Adjusted EBITDA

€'000	30 June 2024	30 June 2023	y-o-y change
EBIT	**(5,236)**	**(7,250)**	**(28%)**
Depreciation and amortisation	5,133	3,869	33%
EBITDA	**(103)**	**(3,381)**	**(97)%**
Exceptional costs	1,097	1,346	(18)%
Stock option plan cost	573	668	(14)%
Adjusted EBITDA	**1,567**	**(1,367)**	**(215)%**

Adjusted EBITDA for the first six months of FY 2024 was positive €1.6 million compared to a negative Adjusted EBITDA for the previous six-months period of €1.4 million and it is the result of a careful approach to the cost base mixed with a resilient SaaS revenue base.

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 €1.1 million include €0.5 million related to severance payment indemnities and related costs for employees who left the Group and have not been replaced, €0.1 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 €0.5 million for one-off related costs. Stock option plan costs amounted to €0.6 million in line with the same period in the previous year.

Finance costs (net of finance income)

Finance costs (net of finance income) for the period were €1.1 million compared to €0.5 million in the same period of FY 2023. The increase is mainly due to the increase of the loans in place compared to the first six months of FY 2023.

Taxation

Corporate income tax was negative €0.1 million (negative €0.1 million for the same period in FY 2023) and is related mainly to the tax provision accrued as of 30 June 2024 in the reporting package of the distribution companies of the Group. Deferred tax assets on tax losses to carry forward for an amount of roughly €13.5 million have been cumulated as at 31 December 2023 and they have not been recognised due to the uncertainty in the timing in which such loss will be utilised.

Loss for the year

The loss for the first six months of FY 2024 was €6.5 million compared to a loss of €7.8 million for the same period of FY 2023. The improvement of Adjusted EBITDA commented above is compensated by the increase of depreciation, amortisation and net finance costs compared to the ones incurred in the first six months of FY 2023.

GROUP CAPITAL STRUCTURE AND FINANCIAL POSITION

€'000	30 June 2024	31 December 2023
Tangible assets	3,827	4,557
Intangible assets	46,939	46,477
Investments in associates	3,538	3,538
Fixed assets	**54,304**	**54,572**
Contract assets	**24,814**	**24,848**
Net working capital	**1,545**	**(2,248)**
Deferred tax liabilities	**(1,654)**	**(1,791)**
Employees' benefit liability	**(2,359)**	**(2,309)**
Provisions	**(92)**	**(177)**
Total invested capital	**76,558**	**72,895**
Cash and cash equivalents	7,103	3,509
Financial assets	324	234
Financial liabilities	(24,082)	(25,009)
Net borrowing position	**(16,655)**	**(21,266)**
Net equity	**59,903**	**51,629**

Fixed assets

Fixed assets were €54.3 million as at 30 June 2024 compared to €54.6 million as at 31 December 2023. The decrease of €0.3 million is due to the net increase of €0.4 million of intangible assets related to R&D capital expenditure (net of amortisation of the period) and to the decrease of €0.7 of tangible assets due to the depreciation recorded during the period.

Contract assets

Contract assets were €24.8 million as at 30 June 2024 compared to €24.8 million as at 31 December 2023. 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 amount reflects the stability of the SaaS revenue platform compared to the previous period.

Net borrowing position

Net borrowing position was €16.6 million as at 30 June 2024 compared to a net borrowing position of €21.3 million as at 31 December 2023. The €4.7 million change in the first six months of FY 2024 is related to a Reserved Capital Increase of €14 million, net of free cash flow and exceptional items which drew cash for €8.2 million and interest paid during the period for €1.1 million.

Net equity

Net equity was €59.9 million as at 30 June 2024 compared to €51.6 million as at 31 December 2023. The increase compared to last year is mainly related to the capital increase of the period for €14 million, the effect of the stock option plan for €0.8 million net of the loss of the period of €6.5 million.

GROUP CASH MOVEMENTS FOR THE YEAR

€'000	30 June 2024	30 June 2023
Cash and cash equivalents at the beginning of the period	**3,509**	**19,223**
Adjusted EBITDA from continuing operations	1,567	(1,367)
Increase in working capital	(4,163)	(625)
Decrease/(increase) in contract assets	34	(2,741)
Operating free cash flow*	**(2,562)**	**(4,733)**
Taxes paid	104	(384)
Cash flow from investing activities – tangible assets	(3)	(86)
Cash flow from investing activities – R&D	(4,880)	(4,731)
Free cash flow*	**(7,341)**	**(9,934)**
Exceptional items	(897)	(613)
Cash flow from investing activities – M&A	(4,302)	(3,339)
Cash flow from financing activities	2,122	(1,005)
Cash flow from equity movements	14,095	766
Others	(83)	367
Net increase/(decrease) in cash and cash equivalents	**3,594**	**(13,758)**
Cash and equivalents at the end of the period	**7,103**	**5,465**

Operating free cash flow
Operating free cash flow was negative for €2.6 million in the first six months of FY 2024 compared to negative €4.7 million in the same period of FY 2023. The operating free cash flow is the results of the positive Adjusted EBITDA for €1.6 million net of the increase of working capital which drew cash for €4.2 million during the first six months of FY 2024.

Free cash flow
Free cash flow was negative €7.3 million in the first six months of the FY 2024 compared to negative €9.9 million in the same period of FY 2023. Cash burn compared to the previous period is due to the result of operating free cash flow and R&D investments of €4.9 million compared to €4.7 million in the same period of FY 2023.

Cash flow from investing activities – M&A
Cash flow from investing activities amounting to negative €4.3 million represents the contingent consideration paid to the former shareholders of the companies acquired in the previous years.

* This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Relevant explanations are provided on page 153 of the FY 2023 Annual Report.

Cash flow from financing activities
The cash flow from financing activities is positive for €2.1 million and represents the increase of fresh liquidity related to the financial loan entered into with Atempo Growth (€4.9 million net of costs incurred) net of payments related to financial lease for €0.8 million, repayment of loans in place for €0.9 million and interest paid for €1.1 million.

Cash flow from equity movements
The cash flow from equity movements is positive for €14 million and is related to the capital increase mentioned above.

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

EVENTS AFFECTING THE COMPANY (AND ITS SUBSIDIARIES) WHICH HAVE OCCURRED AFTER 30 JUNE 2024
No significant events to be highlighted which have occurred between 30 June 2024 and the date of publication of this report.

OUTLOOK
Looking ahead to the second half of the year, MotorK is building positive momentum in FY 2024, confirming the initial CARR guideline of €50 million. Emphasising its strategic shift towards a more Enterprise-focused revenue mix, the Group benefits from a robust pipeline of opportunities as of H1 2024 and anticipates another high-performing end of the year. Given this outlook, MotorK is confident of meeting its booking targets.

In terms of Cash EBITDA, the focus on optimising the organisational structure and activating cost synergies across departments exceeded expectations, positioning the company for long-term efficiency and growth. Considering the slight delays of some large contracts initially forecasted to materialise in the first half of the year, profitability guidance has been slightly revised. MotorK is confident in achieving a positive Cash EBITDA position on a monthly basis starting from end of Q3 2024.

With a strategic focus on profitability and a robust growth plan, 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 and non-financial performance of the Group against a number of different benchmarks and these are set in agreement with the Board.

	Reasons for choice	How we calculate	Outlook
Committed annual recurring revenues ("CARR")* **€39.6m** vs €38.6m as at 31 December 2023	ARR is the main indicator for SaaS businesses like ours as it shows our ability to attract and retain customers, generating recurring revenues. CARR includes ARR together with additional signed and committed contracts yet to be delivered and billed.	This represents the yearly subscription contract value of the Group's customer base at the end of the reporting period (ARR) adding the annual recurring revenues that will be generated by additional contracts already signed and committed yet to be delivered and billed.	The Group confirm the outlook reported in the FY 2023 Annual Report and expects CARR for FY 2024 to be €50 million.
SaaS recurring revenue as % of total revenue **75%** vs 74% as reported in the 2023 Half-year Report	This measures the ability of the Group to focus on the recurring component of Group revenue that is the most scalable and value-adding.	Calculated as recurring SaaS revenues as a percentage total Group revenue. Recurring revenue includes revenues from SaaS contracts (including both revenue from the delivery of the access to the platform and revenue related to post-contract support activities).	Further growth is expected in 2024 to meet the target of CARR mentioned above.
Cash EBITDA** **-€3.3m** vs -€9.3m as at 30 June 2023	This is a consistent measure of trading performance, aligned with the interests of our shareholders and a good proxy of cash generated during the year.	Calculated as Adjusted EBITDA less Change in Contract Assets and R&D capitalisation.	Cash EBITDA positive on a monthly basis starting from the end of Q3 2024.
Adjusted EBITDA*** **€1.6m** vs -€1.4m as reported in the 2023 Half-year Report	This is a consistent measure of trading performance, aligned with the interests of our shareholders. Adjustments are related to expenses that are not strictly inherent to the underlying business performance.	Calculated as operating profit before interests, taxes, amortisation and depreciation net of exceptional costs.	The Group targets for FY 2024 a Cash EBITDA positive on a monthly basis starting from the end of Q3 2024. Cash EBITDA is calculated as adjusted EBITDA less change of contract assets and R&D capitalisation.
Adjusted EBITDA margin **7%** vs -6% as at 30 June 2023	This is a consistent measure of performance needed to ensure costs of the Group are in line with the level of business being generated.	Calculated as Adjusted EBITDA as a percentage of total Group revenue.	The Group expects EBITDA margin to increase in FY 2024 in order to meet the target of CARR and Cash EBITDA mentioned above.
Number of employees as at the end of the reporting period (non-financial KPI) **399** vs 449 as reported in the FY 2023 Annual Report	This is a indicator helpful to measure the growth of the Group.	Number of employees at the end of the reporting period.	The Group expects to have an adequate numbers of employees to ensure our growth targets reported above.

* This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Relevant explanations are provided on page 152 of the FY 2023 Annual Report.
** This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Relevant explanations are provided on page 155 of the FY 2023 Annual Report.
*** This is a non-GAAP measure considered relevant by management and it is considered a Group APM. Relevant explanations are provided on page 154 of the FY 2023 Annual Report.

Financial Statements

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND 2023

€'000	Note	For the six months ended 30 June 2024	2023
Revenue	10	**21,464**	**21,900**
Cost for customers' media services	11	4,034	3,634
Personnel costs	11	14,977	17,810
R&D capitalisation	11	(4,859)	(4,714)
Other operating costs	11	7,415	8,551
Amortisation and depreciation	11	5,133	3,869
Total costs	11	**26,700**	**29,150**
Operating loss		**(5,236)**	**(7,250)**
Finance expense	12	(1,187)	(500)
Finance income	12	58	13
Loss before tax		**(6,365)**	**(7,737)**
Corporate income tax	13	(118)	(62)
Loss for the period		**(6,483)**	**(7,799)**
Attributable to:			
Owners of the parent		(6,483)	(7,799)
Other comprehensive loss:			
Actuarial gains/(losses) arising from remeasurement of liabilities for employee benefits that will not be subsequently remeasured to the income statement	22	(24)	340
Gains on exchange differences from translation of financial statements of foreign entities that will be reclassified subsequently to the income statement	25	13	251
Total comprehensive loss		**(6,494)**	**(7,208)**
Attributable to:			
Owners of the parent		(6,494)	(7,208)
Basic and diluted EPS			
Loss for the period	26	(0.15)	(0.20)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2024 AND 31 DECEMBER 2023

€'000	Note	As of 30 June 2024	As of 31 December 2023
Intangible assets	14	46,939	46,477
Property, plant and equipment	15	3,827	4,557
Investments in associates	16	3,538	3,538
Non-current assets – security deposits	16	324	234
Non-current contract assets	17	7,289	5,654
Non-current assets		**61,917**	**60,460**
Trade and other receivables	17	16,490	13,405
Contract assets	17	17,525	19,194
Cash and cash equivalents	18	7,103	3,509
Current assets		**41,118**	**36,108**
Total assets		**103,035**	**96,568**
Trade and other payables	19	12,162	13,080
Tax payable	19	2,783	2,573
Current financial liabilities	20	7,745	10,655
Current lease liabilities	20	1,154	1,170
Provisions	21	35	120
Current liabilities		**23,879**	**27,598**
Employees benefit liability	22	2,359	2,309
Deferred tax liabilities	23	1,654	1,791
Non-current financial liabilities	20	12,625	9,994
Non-current lease liabilities	20	2,558	3,190
Provisions	21	57	57
Non-current liabilities		**19,253**	**17,341**
Total liabilities		**43,132**	**44,939**
Share capital	24	456	407
Share premium	24	84,242	69,446
Merger reserve	24	3,627	3,627
Earn-out reserve	24	1,687	1,587
Accumulated loss	24	(30,109)	(23,438)
Total equity		**59,903**	**51,629**
Total liabilities and equity		**103,035**	**96,568**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND 2023

	For the six months ended 30 June	
€'000	2024	2023
Loss for the period	(6,483)	(7,799)
Adjustments for:		
Depreciation of property, plant and equipment	715	657
Amortisation of intangible fixed assets	4,418	3,212
Finance income	(58)	(13)
Finance expense	1,187	500
Income tax expense	118	62
Share-based payment expense	573	668
Earn-out accrual	100	913
Other non-monetary movements	32	251
Cash outflow (used in) operating activities before changes in net working capital	**602**	**(1,549)**
(Increase)/decrease in trade and other receivables and contract assets	(3,018)	(2,091)
Increase/(decrease) in trade and other payables	(1,067)	(1,898)
Increase/(decrease) in provisions and employee benefits	(59)	559
Cash outflow (used in) operations	**(3,542)**	**(4,979)**
Income taxes collected/(paid)	104	(384)
Net cash flows (used in) operating activities	**(3,438)**	**(5,363)**
Investing activities		
Cash outflow on acquisition of subsidiaries (net of cash acquired)	(4,302)	(3,339)
Purchase of intangible assets	(4,880)	(4,731)
Purchases of property, plant and equipment	(3)	(86)
Non-current assets – security deposits	(90)	1
Net cash (used in) investing activities	**(9,275)**	**(8,155)**
Financing activities		
Capital increase	14,095	766
Bank loans repaid	(875)	(32)
New bank and other loans	4,928	–
Capital element of lease liabilities repaid	(648)	(470)
Interest paid on bank and other loans	(1,094)	(407)
Interest paid on lease liabilities	(99)	(97)
Net cash from/(used in) financing activities	**16,307**	**(240)**
Net decrease in cash and cash equivalents	**3,594**	**(13,758)**
Cash and cash equivalents at beginning of period	**3,509**	**19,223**
Cash and cash equivalents at end of period	**7,103**	**5,465**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS OF AND FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND 2023

€'000	Share capital	Share premium	Merger reserve	Earn-out reserve	Accumulated losses	Total attributable to equity holders of parent
1 January 2024	**407**	**69,446**	**3,627**	**1,587**	**(23,438)**	**51,629**
Comprehensive income for the period						
Loss for the period	–	–	–	–	(6,483)	(6,483)
Other comprehensive income						
Translation reserve	–	–	–	–	13	13
Defined benefit pension scheme	–	–	–	–	(24)	(24)
Total comprehensive income for the period	**407**	**69,446**	**3,627**	**1,587**	**(29,932)**	**45,135**
Contributions by and distributions to owners						
Issue of shares	49	14,796	–	–	–	14,845
Share-based payment	–	–	–	–	573	573
Share-based payment exercised	–	–	–	–	(750)	(750)
Shares to be issued	–	–	–	100	–	100
Total contributions by and distributions to owners	**49**	**14,796**	**–**	**100**	**(177)**	**14,768**
30 June 2024	**456**	**84,242**	**3,627**	**1,687**	**(30,109)**	**59,903**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED
AS OF AND FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND 2023

€'000	Share capital	Share premium	Merger reserve	Earn-out reserve	Accumulated losses	Total attributable to equity holders of parent
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
Buy back 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**

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 the UK. The registered office is on the 5th Floor, One New Change, London, England, EC4M 9AF, listed from November 2021 on Euronext Amsterdam.

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

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

As of the date of this Report and as reported on the company website, the main shareholders of the Parent Company are 83 North, who directly holds approximately 20.9% of the share capital, Lucerne, who holds approximately 17% of the share capital and the original founders Marco Marlia (CEO of the Group), Marco De Michele, and Fabio Gurgone own roughly 12% each of the share capital.

The statutory consolidated financial statements of the Company for the year ended 31 December 2023 have been filed with Companies House on 13 June 2024.

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

The main events of the first six months of 2024 are the following:

- On 5 February 2024, the Group successfully executed a reserved capital increase of €12.3 million. The participants in this strategic round included 83North, Lucerne, PROCAR Automobile and Anfield Ltd. Such reserve resulted in the issue of 4,088,388 new ordinary shares. In addition, these newly issued shares will be subject to a six-month lock-up period.
- On 4 March 2024 the above-mentioned capital injection has been strengthened with a top-up of €5 million loan tranche from Atempo Growth, building on the initial €5 million loan facility agreement secured in October FY 2023.
- On 24 April 2024, the Group announces the successful implementation of a reserved capital increase of €1.7 million. The reserved capital increase, based on a reference price per share of €4.00, results in the issue of 425,000 new ordinary shares, with a six-month lock-up period.

The Interim Condensed Consolidated Financial Statements were approved for issuance by the Board of Directors on 24 July 2024.

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 2023 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 2023. 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.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2. SUMMARY OF THE ACCOUNTING STANDARDS USED CONTINUED

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

The templates used, as specified above, are those that best represent the Group's economic, equity and financial situation. The Interim Condensed Consolidated Financial Statements are prepared in Euro (which is also the functional currency), rounded to the nearest thousand. They are prepared on the historical cost basis with the exception of certain items, which are measured at fair value as disclosed in the accounting policies below. The preparation of the Interim Condensed Consolidated Financial Statements requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects current and future periods.

2.2 Subsidiaries of MotorK Plc included in the 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 2024, indicating the share capital held by the Group.

Name	Country of incorporation and principal place of business	Proportion of ownership interest at		
		30 June 2024	31 December 2023	30 June 2023
MotorK Italia Srl	Italy	100%	100%	100%
MotorK Spain Gestiones Comerciales SL	Spain	100%	100%	100%
MotorK Deutschland GmbH	Germany	100%	100%	100%
MotorK France Sarl	France	100%	100%	100%
For Business Srl	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%
FusionIT NV	Belgium	100%	100%	100%
FRANCEPRONET SaS**	France	–	–	100%
SFD SaS**	France	–	–	100%
ICO International GmbH	Germany	100%	100%	100%
Auto XY S.p.A.	Italy	20%	20%	20%
GestionaleAuto.com Srl	Italy	100%	100%	100%

* On 8 January 2024, the shelf company DriveK Italia S.r.l., created as a potential vehicle for the selling of the business DriveK and then not used due to the different structuring followed in the operation, has wound up.

** Merged into MotorK France in December 2023 with accounting and tax effects effective from January 2023.

During the first six months of FY 2024, the consolidation area remained unchanged except for the fact that DriveK Italia S.r.l. was wound up with no significant impact on the figures.

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

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 Milano
MotorK Spain Gestiones Comerciales SL	Calle Muntaner 305 Planta PR Puerta 2 – 08021 – Barcelona
MotorK Deutschland GmbH	Destouchesstr. 68 – 80796 – München
MotorK France Sarl	168, avenue Charles De Gaulle 9220 Neuilly-sur-Seine – Paris, France
For Business S.r.l.	Via Ludovico D'Aragona n. 9 – 20132 Milano
MotorK Israel Ltd	3 Arik Einstein St Herzliya, Israel
DealerK Technology Solutions, Unipessoal Lda	Rua Mouzinho da Silveira, nº 27, 5º C, 1250-166 Lisboa
FusionIT NV	Emiel Banningstraat, 41-47 2000 Antwerpen België
ICO International GmbH	Berner Straße 107 – 60437 Frankfurt am Main, Germany
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 Group Interim Condensed Consolidated Financial Statements, management has applied the going concern principle based on its assessment of the Group's ability to continue as a going concern. In making such an assessment, management has considered the €19 million of cash injection achieved in the first months of FY 2024 and the expectation of the Group's future performance.

Management has updated the three-year Business Plan covering the period between 2024 and 2026 (that includes inflation assumptions on salaries) showing that the Group has the resources to cover its financial need for the foreseeable future. As per the Business Plan, during FY 2024 it is forecasted to burn a certain amount of cash so that cash and cash equivalents at year end 31 December 2024 and 31 December 2025 will land in a positive territory. Management is also currently under discussion to obtain further flexibility on cash needs with the use of some instruments to finance working capital. Such instruments will ensure that even a worst-case scenario of recurring billings reduction during the year, as shown in the sensitivity analysis, will have limited impact on the Group's cash position to 12 months from approval date of the Group Interim Condensed Consolidated Financial Statements, with no substantial effect on going concern assessment.

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

For this reason, the Directors continue to adopt the going concern basis in preparing the Group Interim Condensed Consolidated Financial Statements.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4. ACCOUNTING STANDARDS IN FORCE FROM 1 JANUARY 2024 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 2024, have been adopted by the Group from 1 January 2024. 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 2024 have not yet been adopted.

5. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in these Interim Condensed Consolidated Financial Statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023.

The new and amended standards effective from 1 January 2024 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 sales for dealerships may lead to lower sales volumes for the Group in specific months during summer and winter and a sales pick in the last quarter of the year. From a cash perspective the seasonality risk is naturally mitigated by business model, based on SaaS products offering, which improves the stability of our cash inflow. From a revenue and EBITDA perspective, due to the significant increase of the weight of the portion of SaaS platform revenue recognised point in time, commercial picks of 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 ESTIMATED 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 Group's consolidated financial statements as at and for the year ended 31 December 2023.

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 2023 as presented in the 2023 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 2024 and 31 December 2023:

€'000	30 June 2024	31 December 2023
Financial assets at amortised cost		
Non-current assets – security deposit	324	234
Trade receivables	14,362	11,385
Other receivables	159	154
Cash and cash equivalents	7,103	3,509
Total	**21,948**	**15,282**

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9. FINANCIAL INSTRUMENTS – RISK MANAGEMENT CONTINUED

The carrying value of financial assets approximates fair value as there are no significant volatility of such assets and they are expected to be cashed in a short-time period. There are no financial assets measured at FVTPL.

There are no material differences between the carrying value and the fair value of non-current assets – security deposit.

Trade receivables are stated net of provision for impairment.

Financial liabilities

The following table shows financial liabilities by category, as defined by IFRS 9, as of 30 June 2024 and 31 December 2023:

€'000	30 June 2024	31 December 2023
Financial liabilities		
Trade and other payables	8,996	10,042
Current financial liabilities	7,745	10,655
Current lease liabilities	1,154	1,170
Non-current financial liabilities	12,625	9,994
Non-current lease liabilities	2,558	3,190
Total	**33,078**	**35,051**

Current financial liabilities include contingent consideration for an amount of €4 million as at 30 June 2024 that are measured at FVTPL (please refer to the paragraph below).

The remaining part of Current and Non-current financial liabilities, current and Non-current lease liabilities are measured at amortised cost using the effective interest rate method.

Trade and other payables carrying value approximates fair value.

Fair value measurement hierarchy

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

- Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – valuation techniques for which the inputs are unobservable for the asset or liability.

Contingent considerations, classified within current financial liabilities, amount to €4 million as at 30 June 2024. Contingent considerations are recorded at fair value based on actuals or estimates of discounted future cash flows associated. To the extent that the valuation of these liabilities is based on inputs that are less observable or not observable in the market (data for measuring fair value of such instruments are not readily available, regularly distributed or updated, reliable and verifiable and provided by independent sources that are actively involved in the relevant market), the determination of fair value requires more judgment. Accordingly, the fair value of contingent consideration is classified within Level 3 of the fair value hierarchy. There were no transfers between fair value hierarchy levels for the periods presented. The change in fair value is re-measured at each reporting period with the change in fair value being recognised in profit and loss. The fair value remeasurement for contingent consideration in the first six months of FY 2024 was nil (€0.5 million in the first six months of FY 2023).

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10. REVENUE

Disaggregation of revenue

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

€'000	For the six months ended 30 June 2024 SaaS platform	Digital marketing	Other revenues	Total
Revenue by country*				
Italy	8,890	3,938	404	13,232
Spain	1,645	185	150	1,980
France	3,169	–	260	3,429
Germany	1,323	–	–	1,323
Benelux	1,064	436	–	1,500
Total	**16,091**	**4,559**	**814**	**21,464**

€'000	For the six months ended 30 June 2023 SaaS platform	Digital marketing	Other revenues	Total
Revenue by country*				
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**

Revenues related to SaaS platform contracts amounts to €16.1 million as at 30 June 2024, compared with €16.2 million as at 30 June 2023 a decrease of 2% compared to the previous period.

* It represents revenues broken down by the countries in which the legal entities are established, independently of the geographical location of the customers.

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

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

Digital marketing revenues amounting to €4.5 million as at 30 June 2024 compared to €3.7 million as at 30 June 2023, are related to services for the dealer in order to acquire enhanced online traffic. Other revenue slightly reduced compared to the previous period supporting the shift of the Group towards the SaaS business model.

11. GROUP OPERATING LOSS

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

€'000	For the six months ended 30 June 2024	2023
Cost for customers' media services	4,034	3,634
Personnel costs	14,977	17,810
R&D capitalisation	(4,859)	(4,714)
Other operating costs	7,415	8,551
Amortisation and depreciation	5,133	3,869
Total costs	**26,700**	**29,150**

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 of this section.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11. GROUP OPERATING LOSS CONTINUED

Personnel costs are shown in the following table:

€'000	For the six months ended 30 June 2024	2023
Wages and salaries	10,432	12,020
Social security costs	3,149	3,716
Employee benefit pension cost	273	375
Severance indemnity	450	118
Earn out payment costs	100	913
Stock option plan cost	573	668
Total	**14,977**	**17,810**

The decrease of the caption wages and salaries compared to same period of FY 2023 is mainly due to the decrease of the average number of employees related to a careful approach to the Group costs base after years of investments.

Stock option plan cost includes the accrual of the stock option costs as required by IFRS 2. The amount is in line with the same period of the FY 2023.

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 to profit and loss.

Other operating costs amounting to €7.4 million includes mainly consultant fees for approximately €1.9 million, software expenses for €1.6 million, hosting expenses for €1 million, travel expenses for €0.2 million, events expenses for €0.2 million and exceptional costs of €0.5 million related to one-off projects and €2 million of other ancillary costs.

Amortisation and depreciation expenses includes:

- Amortisation of intangible assets of approximately €4.4 million for the first six months of FY 2024 (€3.2 million for same period of FY 2023) mainly related to development costs capitalised;
- Depreciation of tangible assets for approximately €0.7 million for the first six months of FY 2024 (€0.7 million for same period of FY 2023).

12. FINANCE INCOME AND EXPENSE

Finance income and expense are shown in the following tables:

€'000	For the six months ended 30 June 2024	2023
Interest received on bank deposits	36	9
Gain on foreign exchange	22	4
Total finance income	**58**	**13**

€'000	For the six months ended 30 June 2024	2023
Bank loans and overdrafts	363	298
Loss on foreign exchange	64	60
Other loans	591	–
Net interest expense on defined benefit pension scheme	36	20
Other finance expense	133	122
Total finance expense	**1,187**	**500**

The increase of interest costs is related to the increase of the other loans in place compared to the previous year.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13. CORPORATE INCOME TAX

Corporate income taxes are shown in the following table:

	For the six months ended 30 June	
€'000	**2024**	**2023**
Foreign subsidiaries' income taxes	(256)	(171)
Total current tax	**(256)**	**(171)**
Origination and reversal of temporary differences	138	109
Total deferred tax	**138**	**109**
Corporate income tax	**(118)**	**(62)**

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.

Deferred tax assets on tax losses to carry forward for an amount of roughly €13.5 million have been cumulated as at 31 December 2023 and they have not been recognised due to the uncertainty in the timing in which such loss will be utilised.

14. INTANGIBLE ASSETS

Details of intangible assets increase and decrease for the six months ended 30 June 2024 are provided in the following table:

€'000	Customer relationships	Trademark	Development costs and software	Goodwill	Total
Cost					
As at 1 January 2024	**7,057**	**1,462**	**37,490**	**23,772**	**69,781**
Additions – internally generated	–	–	4,859	–	4,859
Additions	–	–	21	–	21
As at 30 June 2024	**7,057**	**1,462**	**42,370**	**23,772**	**74,661**
Accumulated amortisation and impairment					
As at 1 January 2024	**1,573**	**324**	**21,407**	**–**	**23,304**
Charge for the period	351	118	3,949	–	4,418
As at 30 June 2024	**1,924**	**442**	**25,356**	**–**	**27,722**
Net book value					
As at 1 January 2024	**5,484**	**1,138**	**16,083**	**23,772**	**46,477**
As at 30 June 2024	**5,133**	**1,020**	**17,014**	**23,772**	**46,939**

Customer relationship

Customer relationships amounted to €5.1 million as at 30 June 2024 (€5.5 million as at 31 December 2023). Due to the positive result of Adjusted EBITDA recorded in the first six months of the year 2024 management has assessed that there are no impairment indicators, and therefore it is unnecessary to prepare an impairment test.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14. INTANGIBLE ASSETS CONTINUED

Trademark

Trademark costs amounted to €1 million as at 30 June 2024 (€1.1 million as at 31 December 2023) and this is related to the fair value allocated as part of the consideration paid for the acquisition made in 2021 and 2022 and 2023. Due to the positive result of Adjusted EBITDA recorded in the first six months of the year 2024 management has assessed that there are no impairment indicators, and therefore it is unnecessary to prepare an impairment test.

Development costs and software

Development costs amounting to €17 million as at 30 June 2024 (€16.1 million as at 31 December 2023). The increase compared to the previous period is related to costs capitalised during the period for €4.8 million net of amortisation for €3.9 million. Such costs are related to continued development of new product offerings, applications, features and enhancements to existing digital services and solutions of the Group. Due to the positive result of Adjusted EBITDA recorded in the first six months of the year 2024 management has assessed that there are no impairment indicators, and therefore it is unnecessary to prepare an impairment test.

Goodwill

The Group, in accordance with the requirements of IAS 36, proceeded to verify the absence of impairment indicators as of 30 June 2024 with reference to the goodwill recorded in intangible assets. As of the date of these Interim Condensed Consolidated Financial Statements, as there were no indicators for impairment of the CGU, management has not updated the impairment calculation.

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 2023, are illustrated in the 2023 Annual Report to which reference is made.

15. PROPERTY PLANT AND EQUIPMENT

Details of property, plant and equipment increase and decrease for the six months ended 30 June 2024 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 2024	**409**	**209**	**34**	**715**	**8,555**	**9,922**
Additions	–	–	–	3	–	3
Disposals	–	–	–	–	(96)	(96)
As at 30 June 2024	**409**	**209**	**34**	**718**	**8,459**	**9,829**
Accumulated depreciation						
As at 1 January 2024	**343**	**108**	**18**	**414**	**4,482**	**5,365**
Charge for the period	5	12	6	52	640	715
Depreciation on disposals	–	–	–	–	(78)	(78)
As at 30 June 2024	**348**	**120**	**24**	**466**	**5,044**	**6,002**
Net book value						
As at 1 January 2024	**66**	**101**	**16**	**301**	**4,073**	**4,557**
As at 30 June 2024	**61**	**89**	**10**	**252**	**3,415**	**3,827**

Right-of-use assets amounting to €3.4 million as of 30 June 2024 are related to the application of IFRS 16 to the lease of the offices of the Group subsidiaries and the lease of cars assigned to the employees. The reduction compared to 31 December 2023 is mainly due to the payments of the lease instalments done during the period.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

16. INVESTMENTS IN ASSOCIATES AND NON-CURRENT ASSETS – SECURITY DEPOSIT

Investments in associates amounts to €3.5 million and it represents the investment in the 20% of AutoXY S.p.A. arisen from the business combination related to the sale of the DriveK Business Unit completed in December 2022. Management has assessed that there are no impairment indicators, and therefore it is unnecessary to prepare an impairment test.

The caption non-current assets – security deposit, substantially in line compared to 31 December 2023, 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 2023
Non-current contract assets	7,289	5,654
Contract assets – current portion	17,525	19,194
Total contract assets	**24,814**	**24,848**
Trade receivables	14,362	11,385
Prepayments	953	1,103
Other receivables	163	160
Tax receivables	1,012	757
Total trade and other receivables	**16,490**	**13,405**

Contract assets

As already mentioned in note 10, the financial statement line-item contract assets is related to the application of IFRS 15 on SaaS platform revenue agreements and represents accrued income as at the reference date. Revenues related to SaaS platform are related to multi-year contracts (12, 24 or 36 months) are recognised in the moment in which the access to the platform are granted to the customers and therefore a related contract asset arises. Contract assets are subsequently billed on a monthly or quarterly basis for the duration of the agreement with the customer.

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

Trade and other receivables

Trade receivables as at 30 June 2024 amounted to €14.4 million (€11.4 million as of 31 December 2023) and included invoices issued but not collected at the closing date for €13.2 million, invoices to be issued for €2.4 million and provision for bad debt for an amount of €1.2 million (€1.1 million as at 31 December 2023).

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	2024
As at 1 January	**1,131**
Increase during the period	50
As at 30 June	**1,181**

Tax receivables amount to €1 million and mainly includes the R&D tax grants recognised by Italian tax authorities in the previous years in relation to R&D expenses for €0.2 million not yet utilised and €0.6 million of a tax credit bought at discount to be compensated with tax future payments expected in the third quarter of the year 2024.

18. CASH AND CASH EQUIVALENTS

The caption cash and cash equivalents amounting to €7.1 million (€3.5 million as at 31 December 2023) 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 2024 (€0.1 million as at 31 December 2023).

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

Cash and cash equivalents are deposited with top rated banks.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19. TRADE AND OTHER PAYABLES AND TAX PAYABLE

Trade and other payables are shown in the following table:

€'000	30 June 2024	31 December 2023
Trade payables	2,089	2,250
Accruals	1,512	1,437
Total trade payables	**3,601**	**3,687**
Other payables including tax and social security payments (including bonus accruals)	8,561	9,393
Total current trade and other payables	**12,162**	**13,080**

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

Trade payables amount to €2.1 million as at 30 June 2024 compared to €2.2 million as at 31 December 2023.

Accruals includes invoices to be received for service rendered in the first six months of FY 2024.

Other payables amounting to €8.6 million as at 30 June 2024 (€9.4 million as at 31 December 2023) includes:

- Contract liabilities of €3.2 million (€3 million as at 31 December 2023). 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 2023);
- Liabilities towards employees for bonus' to be paid in 2024 for €0.4 million (€1 million as at 31 December 2023);
- Other liabilities towards employees and related social security charges of approximately €4.6 million (€4.9 million as at 31 December 2023); and
- Other minor liabilities for €0.3 million (€0.4 million as at 31 December 2023).

€'000	30 June 2024	31 December 2023
Corporate tax liabilities	340	37
VAT liabilities	2,443	2,536
Total tax payable	**2,783**	**2,573**

Corporate tax liabilities include mainly the tax provision related to the management estimation of the corporate income tax provision as at 30 June 2024.

20. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Current and non-current financial liabilities include:

€'000	30 June 2024	31 December 2023
Bank loan	1,919	1,860
Loan with other financial institutions	1,628	341
Other financial liabilities	4,198	8,454
Total current financial liabilities	**7,745**	**10,655**
Current lease liabilities	**1,154**	**1,170**
Bank loan	4,809	5,707
Loan with other financial institutions	7,816	4,287
Total non-current financial liabilities	**12,625**	**9,994**
Non-current lease liabilities	**2,558**	**3,190**

Other financial liabilities include €4 million of contingent consideration to be paid to the former shareholders of the companies acquired in the previous years and €0.2 million related to credit card liabilities settled in July 2024.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES CONTINUED

The caption Bank loan includes the following loan in place:

- 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 2024: 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. The total outstanding liability towards Illimity Bank as at 30 June 2024 amounts to €6.3 million.
- The loan in place with SACE-Simest for €0.3 million was entered into in September 2022 to sustain the digitalisation process of the Group with a six-year duration and a 0.081% interest rate. No financial covenants in place.
- The minor loan in place with Viceversa to finance working capital for €0.1 million entered into first quarter 2024 which is expected to be repaid by the end of the year. No financial covenants in place.

Loan with other financial institutions includes a financial loan with Atempo Growth for €9.4 million (net of costs incurred) entered into October 2023 and March 2024 with a four-year duration and a variable interest rate equal to Euribor 3m plus the spread. No financial covenants in place. Standard pledged are ensured to ATEMPO Growth in the context of the agreement entered into by the parties.

Finance lease liabilities are secured on the assets to which they relate and are related to the IFRS 16 application, starting from 1 January 2019, on lease agreements in place for offices of the Group subsidiaries and for cars assigned to employees. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental external borrowing rate for the particular asset and level of security. After the initial measurement lease liabilities are increased as a result of interest charged and reduced for lease payments made.

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

21. PROVISIONS

Provisions classified within current liabilities amounts to €0.04 million as at 30 June 2024 (€0.1 million as at 31 December 2023) and include the provision for certain risk mainly related to litigations in place with some employees who left MotorK and whose level of risk is assessed as probable by management.

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

€'000	2024
Current provisions as at 1 January	**120**
Release for the period	(85)
Accrual for the period	–
Current provisions as at 30 June	**35**

€'000	2024
Non-current provisions as at 1 January	**57**
Release for the period	–
Accrual for the period	–
Non-current provisions as at 30 June	**57**

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 liability amount to €2.3 million and it is in line with December 2023.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23. DEFERRED TAX LIABILITIES

The movement of deferred tax liabilities is shown below:

€'000	2024
As at 1 January	**1,791**
Recognised in profit and loss	(137)
As at 30 June	**1,654**

Details of deferred tax liabilities are shown below:

€'000	30 June 2024	31 December 2023
Other	377	426
Customer relationship	1,277	1,365
Total	**1,654**	**1,791**

24. SHAREHOLDERS' EQUITY

Share capital

The share capital is composed as follows:

	As of 30 June 2024			As of 31 December 2023		
	Value (€'000)	Number	Value per share (€)	Value (€'000)	Number	Value per share (€)
Ordinary shares	456	45.501.976	0.01	407	40,702,185	0.01
Total	**456**	**45.501.976**	**0.01**	**407**	**40,702,185**	**0.01**

During the first six months of FY 2024 share capital changed due to the following:

- Issuance of 4,088,388 new ordinary shares for an amount of €12.3 million of capital increase (of which €41 thousand of share capital);
- Issuance of 425,000 new ordinary shares for an amount of €1.7 million of capital increase (of which €4 thousand of share capital); and
- Issuance of 286,403 new ordinary shares related to stock option conversion (of which €4 thousand of share capital).

25. TRANSLATION OF FOREIGN COMPANIES' FINANCIAL STATEMENTS

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

	As of 30 June 2024		As of 30 June 2023	As of 31 December 2023
	Average exchange rate	Six months-end exchange rate	Average exchange rate	Year-end exchange rate
Israeli Shekel	3.9943	4.0200	3.8848	3.9993

26. 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	
	2024	2023
Loss for the period (in thousands)	(6,483)	(7,799)
Weighted average number of shares	44,132,568	39,576,569
Earnings per share	(0.15)	(0.20)

It should be noted that share-based payments are instruments that could potentially dilute basic earnings per share in the future. However, considering that in periods analysed a loss for the period was registered, potential ordinary shares were not dilutive as the potential conversion would decrease the loss per share, in accordance with IAS 33.

NOTES FORMING PART OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

27. 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 2023 Annual Report. The total remuneration for the Directors amounted to €0.3 million in the first half of 2024 (first half 2023: €0.4 million).

28. POST BALANCE SHEET EVENTS

No significant events to be highlighted which have occurred between 30 June 2024 and the date of publication of this report.

COMPANY INFORMATION

DIRECTORS
Amir Rosentuler (Chairman)
Marco Marlia (Chief Executive Officer)
Laurel Charmaine Bowden (Non-Executive Director)
Måns Hultman (Non-Executive Director/Independent Director)
Helen Protopapas (Non-Executive Director/Independent Director)

COMPANY SECRETARY
Gravitas Company Secretarial Services Limited

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