


MOTORIK

MotorK Limited

Annual report and financial statements

For the year ended 31 December 2020

Company Number: 09259000

THURSDAY			
	AAI00142		
WED	A17	25/11/2021	#77
	COMPANIES HOUSE		
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A04	27/10/2021	#345	
COMPANIES HOUSE			

MotorK Limited
Annual report and financial statements for
the year ended 31 December 2020

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Country of incorporation of parent company:

United Kingdom

Directors:

M Marlia
M Hultman
M Pretolani
L Bowden
A Rosentuler

Company secretary:

Laggan Secretaries

Registered office:

Kemp House, 152 City Road, London, EC1V 2NX

Auditors:

BDO LLLP - 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

MotorK Limited

Strategic report for the year ended 31 December 2020

The Directors present their strategic report together with the audited financial statements for the year ended 31 December 2020.

Principal activities

The principal business of MotorK Limited (the "Company") is that of a holding company and that of the MotorK Group (the "Group") is a comprehensive range of digital products and services for the automotive sector.

At year end the Group is composed by seven companies: MotorK Ltd in UK, MotorK Italia Srl in Italy, MotorK France Sarl in France, MotorK Deutschland GmbH in Germany, MotorK Spain Gestiones Comerciales in Spain, For Business Srl in Italy and 3W Net Sarl in France. Both For Business Srl and 3W Net were acquired in 2019 whereas Punsset Asociados, acquired in 2018, was merged with MotorK Spain Gestiones Comerciales whereas DriveK Servizi S.r.l. was wound up at the end of the year 2019.

MotorK Ltd (the "Parent Company", or "MK UK") was incorporated on 10 October 2014 and is based in London. The registered office is Kemp House, 152 City Road, London, United Kingdom, EC1V 2NX.

The Group results are set out in the accounts on pages 13 to 48.

Business Review and Future Developments

The fiscal year ended 31 December 2020 will be remember worldwide for the spread of the SARS-CoV-2 epidemic, a health crisis of epochal proportion in the human history that had a strong impact on all the economy sectors.

Following the spread of the COVID-19 pandemic, the state of emergency was declared in many different countries where MotorK Group operates and a series of measures have been put in place to reduce the spread of the virus.

At the meantime, management of MotorK has adopted the following measures, without delay, in order to safeguard the health of employees and their families:

- mandatory smartworking to reduce the risk of contagion;
- purchase of sanitary materials (masks, gloves, sanitizers);
- implementation of strict protocols to ensure the safety of people who accessed the offices during the summer when the epidemic showed the first signs of slowing down;

Historically, and during 2020, MotorK Group operates through two business units:

- "DriveK" generates qualified leads ("lead generation") of in-market car buyers which it sells to car manufacturers and dealers. The DriveK website and proprietary car configurator help potential buyers to compare and select cars, find out promotions and get in touch with the nearest dealership to book a test drive or arrange a quotation. DriveK advisors offer a more bespoke support for the individual prospective buyer journey, assisting with finding the right car for their needs, preparing for the dealership experience etc. and
- "DealerK" is primarily a cloud-based "SaaS" (Software as a Service) business, providing specialised digital solutions to automotive dealers and garages, with three main product families:
 - o "WebSpark" which harnesses the power of the web for automotive sales by deploying latest generation websites, with the highest technical and design-standards, as well as search engine optimization and digital media marketing campaigns;
 - o "LeadSpark" which mainly provides powerful, user-friendly and customisable lead management and "CRM" (Customer Relationship Management) systems; and
 - o Training/Coaching and Internet Motors events where automotive sellers can learn about best practice and current trends in online sales and marketing.

From a strategic point of view this year of transition gave the opportunity to MotorK Management to review its growth strategy with the focus on the DealerK Business (cloud based "SaaS" - Software as a service) and, as a consequence, starting the selling process of the DriveK business unit. Such decisions is based on the assumption that the entire Group needs to focus on the DealerK core business, highly technological with important marginality.

Selling of the DriveK business unit will be useful to obtain even new financial resources to invest in the DealerK business. The deal has been approved by the relevant financial institutions as per their agreement in place.

As a consequence of this, MotorK management has classified in the consolidated financial statements as at 31 December 2020 the DriveK business unit as discontinued operation as provided by IFRS 5.

MotorK Limited
Strategic report for the year ended 31 December 2020 (continued)

Our Strategy

The MotorK Group has quickly become a leading player in the digital automotive arena and a trusted partner to more than 90% of car brands in the European marketplace.

Founded in Milan in 2010, MotorK moved its Group headquarters to London in 2016 and has additional offices in Italy, Spain, France, and Germany. Our team from more than 20 countries continues to grow in number and diversity.

The MotorK Group was recognised in 2015 and 2016 in the prestigious Deloitte Technology Fast500 EMEA ranking. In 2016, the company was included in Inc.'s 5000 List of Europe's Fastest-Growing Companies. In 2020 MotorK was selected for the Euronext TechShare program and in 2020 for the Tech Tour Growth 50 - featuring the most promising European super-scale-up tech companies.

In 2018, the European Investment Bank (EIB) committed a €30m facility to MotorK to support this investment of which €15m has been drawn down thus far.

During FY 2020 the world economy has been strongly affected by the spread of Covid-19. Consequently, the Group results reflect this period of uncertainty and local lockdowns. For the first time in MotorK history revenues decreased (by roughly 31%) amounting to Euro 19 million as of 31 December 2020. Facing this, a strong effort has been made by the organization to reduce fixed costs with excellent results. Fixed costs were reduced by roughly 25% through a fee reduction policy applied to our suppliers, the use of all Government support schemes available in Italy, France, Spain and Germany and the reduction of FTE. Such FTE reduction has been rebalanced with a focus on the efficiency of the MotorK internal process to be able to maintain high standards in the services provided to our customers. Reinforcing and improving MotorK structure have been the target of FY 2020 to prepare the Group to face new challenges of digital automotive in the next years.

The Group continues to pursue the same objectives that were in place in the previous years to keep growing with a strong focus on technological Research & Development of new and existing digital solutions for dealers and car manufactures with the focus on DealerK business unit as described above.

Considering the above mentioned events and the reduction of sales activities due to the lockdowns, MotorK Group, during the 2020, took the chance to review not only the strategic view as described above but even to reinforce the organizational structure to create strong pillars to face the challenges of the post Covid markets. In the first half of 2020 the last executives hired in the UK ceased and the new executive figures have been hired in MotorK Italia S.r.l. that has become the strategic center of the Group whereas MotorK Ltd represents the Group holding.

In order to reinforce such structure, management and coordination activities on the foreign subsidiaries of the Group have been moved to MotorK Italia Srl. MotorK Italia Srl is considered, starting from middle 2020, the Principal of the Group from an economic and financial point of view. Last step of such reorganization was the selling of the equity investments and related net receivables of MotorK France, Germany, Spain and For Business held by MotorK Ltd to MotorK Italia Srl with a sales and purchase agreement signed at the end of December 2020.

Key Performance Indicators

The performance of the group is measured with regards to the following key financial metrics (in € million):

	2020	2019
Revenues	€19.3	€27.9
Gross margin	44%	56%
Development costs	€2.6	€3

The Board also monitors non-financial operational KPI metrics including:

- Customer acquisition;
- Customer retention; and,
- Employee turnover.

Section 172 statement

Corporate governance within the group provides a framework to not only demonstrate how the board makes decisions for the long term success of the group and its stakeholders, but also has regard to how the board ensures the company complies with the requirements of Section 172 of the Companies Act 2006.

During 2020 the key decisions taken by the board included:

MotorK Limited
Strategic report for the year ended 31 December 2020 (continued)

- In July 2020 the transfer of all the Group's management and coordination activities from UK to Italy in light of the fact that all the management functions ceased in the first half of the year 2020 in UK and new executive functions have been hired in Italy
- In December 2020 the decision to sell the DriveK business unit and consequently classified such business unit as discontinued operation.
- In December 2020 the approval of the Group intercompany reorganization described in the paragraph above.

The principal risks and uncertainties of the business are covered within the Directors' report.

Approval

The Strategic report was approved on behalf of the Board on 25 October 2021


Marco Marita
Director

MotorK Limited
Directors' report for the year ended 31 December 2020

The Directors present their report together with the audited financial statements for the year ended 31 December 2020.

Results and dividends

The results for the Group are set out in the Statement of profit or loss and other comprehensive income on page 13.

During the year no dividend was paid by the Group. The directors do not propose a final dividend for the year under review.

Going concern

The Directors have formed a judgement, at the time of approving the financial statements, that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the financial statements. Further details of this judgement are disclosed in the Going Concern section in note 1.

Post balance sheet events

Incorporation of new entities

In the first months of 2021, MotorK Italia Srl has incorporated two new subsidiaries in Portugal (DealerK Technology Solutions, Unipessoal LDA) and in Israel (MotorK Israel LTD). DealerK Technology Solutions, Unipessoal LDA has the aim to build a new R&D structure to assist the one already in place in Italy. MotorK Israel LTD has the target to hire new talents in the digital sector. Both companies will help the Group to pursue the strategic targets in the mid period.

Merger of the two French entities

In the first months of 2021 it was approved by the Board of Directors the merger between the two French entities: MotorK France and 3WNET. The merger will be effective starting from 1 June 2021 with the goal to improve the efficiency of the administrative structure in France and reduce fixed costs.

Convertible notes conversion

In June 2021 and September 2021 the first and second tranches of Euro 4,000 thousand and Euro 650 thousand respectively of the convertible notes have been converted to equity. This conversion improves the financial structure of MotorK Group and is the confirmation of how investors are believing in the strategic view of MotorK management. The actual number of shares as a result of conversion to shares is 1,242,628.

Binding letters of intent for acquisition of companies

On October 7, 2021, the Company entered into a binding letter of intent with the shareholders Juan Afan Munoz, Rosa Maria Escun Guasp, Juan Carlos Afan Escuin, Sara Afan Escuin, Jose Angel Lopez Morote, and Maria del Rosario Gil Molano of DAPDA Media, S.L. and PDA DAPDA, S.L., companies incorporated under Spanish law, for the purchase of all of the stock of the companies.

On October 7, 2021, the Company entered into a binding letter with the shareholders Henry Thibault, Fabrice Caltagirone, and ESF Conseil of Fidcar SAS and Liotey SAS, companies incorporated under French law, for the purchase of all of the stock of the companies.

On October 7, 2021, the Company entered into a binding letter with the shareholders of Francepronet SAS, a company incorporated under French law, for the purchase of 85% of the stock of the company

Intention to launch an initial public offering

On October 14, 2021, the Company has announced the intention to launch an initial public offering and to apply for listing and trading of its shares on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V.

Engagement with suppliers, customers and others

The board recognises that it is essential for the ongoing success and reputation of the business to foster strong relationships across its customer, suppliers and wider stakeholder community. There is regular engagement with suppliers at many levels including senior directors. Customer feedback is encouraged at many points of contact and action is taken to address issues identified to make the customer experience the best it can be.

MotorK Limited
Directors' report for the year ended 31 December 2020 (continued)

The board considers the interests of all shareholders and stakeholders at its board meetings and ensures that all stakeholders' interests are considered when it is appropriate to do so.

Employee Involvement

The Group places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through regular meetings, an internal social media platform, employee surveys and notices.

Equal opportunities

The policy of the Group is to recruit, train and provide career development opportunities to talented and committed staff, regardless of age, gender, disability, religion, race or sexual orientation. We pride ourselves on being an inclusive employer and welcome staff with diverse backgrounds.

Principal risks and activities

The principal risks and uncertainties facing the Group are broadly grouped as regulatory and financial, although the period since the beginning of year 2020 saw additional emerging risks related to the Coronavirus pandemic and the Brexit.

Safety risks

Following the outbreak of the COVID-19 pandemic since the first months of 2020 the Group has adopted the following working practices to ensure the safety of their staff:

- remote working for all employees to reduce the risk of infection and ensure compliance with local Government guidance; and
- purchase of various items of personal protective equipment and additional sanitising products which have been provided to all employees.

Other health and safety risks within our workplaces are stress and ergonomic injuries. Within our operating companies our employees can access a range of health and well-being benefits. Factors such as office design and flexible working policies can also play an important role in employee well-being.

Regulatory risks

Starting from 25 May 2018 the EU Regulation 2016/679, known as GDPR (General Data Protection Regulation), concerning the protection of natural persons with regard to the treatment and free circulation of data, is directly applicable in all EU Member States. In particular, clearer rules are introduced on information and consent to the processing of personal data, to the possible transfer of the same, and strict rules are set for cases of violation ("data breach").

The Group has continued to review their data protection policies and the Data Protection Officer ("Data Protection Officer"), responsible for ensuring the correct management of personal data, reviews these practices periodically using professional qualities and knowledge of data protection practices.

Financial risk

There are two main areas of financial risk: credit risk and liquidity risk.

Credit risk - Credit risk measures how exposed the Group is to potential losses caused by failure to meet obligations to trade or financial partners. The insolvency risk is monitored centrally by the Group's administrative management, which constantly monitors the Group's credit exposure, the collections of trade receivables and the adequacy of the provision for bad debt. MotorK Group attempts to mitigate credit risk also by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with costumers with agreed credit terms. It is worth mentioning that during the year 2020 a standard automatic credit collection procedure has been implemented in all the Group subsidiaries with excellent results as it is shown later in the notes to the financial statements.

Liquidity risk - this risk typically arises when an entity is experiencing difficulty finding sufficient funds to meet its obligations and includes the risk that the counterparties that have granted loans and/or lines of credit may request repayment. This risk became particularly significant in 2020 in the wake of the Covid pandemic. Toward this end, MotorK Group implemented a series of measures and actions which made it possible for the Group to better manage its financial position, further strengthening its structure and solidity. The Board of Directors receives cash flow projections on a regular basis as well as information regarding cash balances and cash forecast projections. At the end of the financial year, these projections indicated that MotorK Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. It is worth mentioning that, during the year and despite the Covid 19 outbreak, a new financial loan has been entered into between MotorK Italia Srl and Illimity Bank for a principal amount of Euro 6 million.

MotorK Limited
Directors' report for the year ended 31 December 2020 (continued)

Exchange rate fluctuation risk is not considered significant. Even if the parent company is based in UK, all the other subsidiaries are based in Europe and the most significant transactions of the Group are made in Euros, functional currency of the Group used for the preparation of the consolidated financial statements.

Interest risk is also not considered significant at Group level. Most of the loan in place has a fix interest rate and any fluctuations of interest rate would have a not significant impact of the financial results of the Group.

Brexit

With so much uncertainty about both a transitional and post-Brexit deal between the UK and the EU it is difficult for the Group to make meaningful assessments of risks associated. However, the Group is mindful of how the continuing uncertainty, as well as any provisional or final agreements, might affect the business.

The directors are approaching the continuing uncertainty with internal discussion during the board meetings. Supply chain, in terms of lead traffic acquisition, dealer contracts, and cross-country international teams are the most relevant points under analysis. Whilst it is clearly impossible to predict what the effect of Brexit will be on the short, medium and long-term prospects of any business, the Company is preparing for different scenarios where possible.

Directors

The Directors who served during the year were Marco Marlia, Mans Hultman and Mauro Pretolani. On 14 January 2020 Laurel Bowden was appointed as a director. The Group takes out Directors & Officers Insurance annually. On 11 June 2021 Amir Rosentuler has been appointed new chairman of the Board of Directors of MotorK LTD.

Statement of Directors' responsibilities for the Annual Report

The Directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group's financial statements in accordance with International Financial Reporting Standards (IFRSs) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and have elected to prepare the company's financial statements in accordance with United Kingdom Accounting Standards (UK Generally Accepted Accounting Policies and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with United Kingdom Accounting Standards (UK Generally Accepted Accounting Policies and applicable law), subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company transactions and disclose with reasonable accuracy at any time the financial position of the Company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of Information to Auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditor are aware of that information.

MotorK Limited
Directors' report for the year ended 31 December 2020 (continued)

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

Approved by the Board on 25 October 2021

Marco Marlia
Director



MotorK Limited
Independent auditor's report to the members of MOTORK LTD

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance Financial Reporting Standard FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of MotorK LTD (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise Consolidated statement of profit and loss and other comprehensive income, Consolidated statement of financial position, Consolidated statement of cash flows, Consolidated statement of changes in equity. Company statement of financial position, Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

We have nothing to report in this regard.

MotorK Limited
Independent auditor's report to the members of MOTORK LTD (continued)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

- We obtained an understanding of the legal and regulatory frameworks and the group and parent company's compliance through discussions with management and our review of board minutes, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- We challenged assumptions made by management in their significant accounting estimates in particular their assessments of impairment of tangible and intangible assets, including goodwill;
- We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was a susceptibility of fraud. We considered the processes and controls that the group and parent company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those processes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free of fraud or error.

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

MotorK Limited
Independent auditor's report to the members of MOTORK LTD (continued)

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

Use of our report

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

Declassified by:

Nigel Harker

5830MEC80AAE49C...
Nigel Harker (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK
25 October 2021

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

Motork Limited
Consolidated statement of profit and loss and other comprehensive income
for the year ended 31 December 2020

€'000	Note	2020	2019
Revenue	9	19,329	27,940
Costs for marketing and call center services	10	6,029	6,583
Personnel costs	10	12,474	15,910
R&D Capitalization	10	(2,661)	(3,033)
Other operating costs	10	4,831	7,258
Amortization & Depreciation	10	3,186	2,316
Total costs	10	23,859	29,034
Operating loss		(4,530)	(1,094)
Finance expense	11	(1,820)	(1,436)
Finance income	11	16	11
Loss before tax		(6,334)	(2,519)
Corporate Income tax	12	925	1,131
Loss from continuing operations		(5,409)	(1,388)
(Loss)/profit after income tax of discontinued operation	24	42	1,601
(Loss)/profit for the period		(5,367)	213
<i>Attributable to:</i>			
Owners of the parent		(5,367)	213
Non-controlling interests		-	-
Other comprehensive income/(loss):			
Actuarial losses arising from re-measurement of liabilities for employee benefits that will not be subsequently remeasured to the income statement	20	(165)	(34)
Total comprehensive income/(loss)		(5,532)	179
<i>Attributable to:</i>			
Owners of the parent		(5,532)	179
Total comprehensive income/(loss) for the period attributable to owners of the Parent arises from:			
Continuing operations		(5,574)	(1,422)
Discontinued operations	24	42	1,601
Basic and diluted EPS			
	26		
- Profit (loss) for the period attributable to the owners of the parent		(0.20)	0.01
- Profit (loss) from continuing operations attributable to the owners of the parent		(0.20)	(0.05)
- Profit (loss) from discontinued operations attributable to the owners of the parent		-	0.06

The notes on pages 17 to 48 form part of these financial statements.

MotorK Limited
Consolidated statement of financial position
for the year ended 31 December 2020

€'000	Note	2020	2019
Intangible assets	13	9,862	11,186
Property, plant and equipment	14	1,693	1,582
Non-current assets – security deposits	15	262	382
Non-current contract assets	16	4,289	9,681
Deferred tax assets	21	698	-
Non-current assets		16,804	22,831
Trade and other receivables	16	5,632	14,437
Contract assets	16	5,915	1,543
Cash and cash equivalents	17	11,824	9,406
Assets classified as held for sale	24	4,943	-
Current assets		28,314	25,386
Total assets		45,118	48,217
Trade and other payables	18	6,128	11,067
Current financial liabilities	19	6,263	1,742
Current lease liabilities	19	802	746
Liabilities directly associated with assets classified as held for sale	24	1,294	-
Current liabilities		14,487	13,555
Employees benefit liability	20	1,818	1,584
Deferred tax liabilities	21	245	315
Non-current financial liabilities	19	24,832	22,833
Other non-current liabilities	22	816	1,759
Non-current lease liabilities	19	786	639
Non-current liabilities		28,497	27,130
Total liabilities		42,984	40,685
Share capital	23	273	273
Share premium reserve	23	12,166	12,166
Retained earnings		(10,305)	(4,907)
Total equity		2,134	7,532
Total liabilities and equity		45,118	48,217

The notes on pages 17 to 48 form part of these financial statements

MotorK Limited
Consolidated statement of cash flow
for the year ended 31 December 2020

€'000	2020	2019
Loss from continuing operations	(5,409)	(1,388)
Profit/(loss) after income tax of discontinued operations	24	42
Adjustments for:		
Depreciation of property, plant and equipment - continuing operations	10	963
Amortisation of intangible fixed assets - continuing operations	10	2,223
Amortisation of intangible fixed assets - discontinued operations	24	532
Profit on disposal of property, plant and equipment	-	(16)
Finance income	11	-
Finance expense	11	1,804
Income tax expense	12	(925)
Share based payment expense	23	134
Cash (outflow)/inflow from operating activities before changes in net working capital	(636)	3,376
Decrease/(increase) in trade and other receivables	16	6,630
(Decrease)/increase in trade and other payables	18	(4,310)
Increase in provisions and employee benefits	20	197
Income taxes (paid)/reimbursed	12	(250)
Net cash flows from/(used in) operating activities	1,631	(2,974)
Investing activities		
Acquisition of subsidiaries, net of cash acquired	25	-
Capitalised development costs	13	(3,179)
Purchases of property, plant and equipment	14	(17)
Purchases of/Proceeds from non-current assets – security deposits	15	120
Sale of property, plant and equipment	-	30
Interest received	11	-
Net cash from/(used in) investing activities	(3,076)	(4,309)
Financing activities		
Bank loans repaid	19	(341)
New bank and other loans	19	6,650
(Decrease)/increase in factoring finance	19	(1,114)
Capital element of lease liabilities repaid	19	(785)
Interest paid on bank and other loans	19	(478)
Interest paid on lease liabilities	19	(69)
Debt issue costs	19	-
Net cash from/(used in) financing activities	3,863	9,857
Net increase in cash and cash equivalents	2,418	2,574
Cash and cash equivalents at beginning of year	17	9,406
Cash and cash equivalents at end of year	17	11,824

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

The notes on pages 17 to 48 form part of these financial statements

MotorK Limited
Consolidated statement of changes in equity
for the year ended 31 December 2020

€'000	Share capital	Share premium	Retained Earnings	Total attributable to equity holders of parent
1 January 2019	261	8,978	(5,282)	3,957
<i>Comprehensive income for the year</i>				
Profit for the period	-	-	213	213
<i>Other comprehensive income</i>				
Defined benefit pension scheme	-	-	(34)	(34)
Total comprehensive income for the year	-	-	179	179
<i>Contributions by and distributions to owners</i>				
Issue of shares	12	3,188	-	3,200
Share based payment	-	-	196	196
Total contributions by and distributions to owners	12	3,188	196	3,396
31 December 2019	273	12,166	(4,907)	7,532
<i>Comprehensive income for the year</i>				
Loss for the period	-	-	(5,367)	(5,367)
<i>Other comprehensive income</i>				
Defined benefit pension scheme	-	-	(165)	(165)
Total comprehensive income for the year	-	-	(5,532)	(5,532)
<i>Contributions by and distributions to owners</i>				
Issue of shares	-	-	-	-
Share based payment	-	-	134	134
Total contributions by and distributions to owners	-	-	134	134
31 December 2020	273	12,166	(10,305)	2,134

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

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

The notes on pages 17 to 48 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 25 October 2021 and were signed on its behalf by:


 Marco Marra
 Director

MotorK Limited
Notes forming part of the Consolidated financial statements
for the year ended 31 December 2020

1. General information

MotorK Limited (the "Company" or the "Parent Company") is a company incorporated in UK with registered office is Kemp House, 152 City Road, London, EC1V 2NX.

The Company and its subsidiaries (the "Group" or "MotorK Group") offer digital services in the automotive sectors.

As of 31 December 2020 the main shareholders of the Parent Company are Marco Martia, original founder and CEO of the Group, Fabio Gurgone, original founder and Product Architect of the Group and Marco De Michele, original founder and Senior Technology Advisor of the Group, who directly hold approximately 57% of the share capital, and 83 North, who directly holds 24.5% of the share capital.

These consolidated financial statements as of and for the years ended 31 December 2020 together with the notes thereto have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

The parent company owns 100% of MotorK Italia S.r.l. that held as of 31 December 2020 100% of the shares of the following companies: MotorK Deutschland GmbH in Germany, MotorK Spain Gestiones Comerciales in Spain, MotorK France Sarl in France (held 100% of 3WNET) and For Business Srl in Italy.

2. Summary of the accounting standard used

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRSs") as adopted by the European Union ('Adopted IFRSs') and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under IFRSs. On 31 December 2020, the EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board.

2.1 Form and content of the consolidated financial statements

With reference to the form and content of the consolidated financial statements, the Group has made the following choices:

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

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

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

2.2 Consolidation areas

The consolidated financial statements include the financial statements of the parent company MotorK limited and its subsidiaries. Where necessary, specific adjustments were made at the consolidated level to standardise the Group's financial statements to the EU-IFRS accounting standards.

Below we report the list of companies included in consolidated financial statements prepared by the parent MotorK Limited as at 31 December 2020, indicating the share capital held by the Group. During 2020 the consolidation area has not changed compared to the previous year.

MotorK Limited
Notes forming part of the Consolidated financial statements
for the year ended 31 December 2020 (continued)

Name	Country of incorporation and principal place of business	Proportion of ownership interest at	
		2020	2019
MotorK Italia Srl	Italy	100%	100%
MotorK Spain Gestiones Comerciales	Spain	100%	100%
MotorK Deutschland GmbH	Germany	100%	100%
MotorK France Sarl	France	100%	100%
For Business Srl	Italy	100%	100%
3W Net Sarl	France	100%	100%

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

MotorK Italia Srl	Via Ludovico D'Aragona, 9 - 20132 Milano
MotorK Spain Gestiones Comerciales	Calle Muntaner 305 Planta PR Puerta 2 - 08021 - Barcelona
MotorK Deutschland GmbH	Destouchesstr. 68 - 80796 - Munchen
MotorK France Sarl	3 B Rue Taylor - 75010 - Paris
For Business Srl	Via Pergolesi, 6 - 20124 Milano
3W Net Sarl	38 bis Boulevard de l'Ouest - 93340 - Le Raincy

2.3 Basis for consolidation

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

Subsidiaries

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

All subsidiaries are consolidated using the integral method from the date on which control is transferred to the Group. On the other hand, they are excluded from consolidation starting from the date on which this control is terminated.

Associated companies

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

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

- i) the group's profits and losses are accounted for from the date in which the significant influence or joint control started and until the date when it ended; if, as a result of the losses, the company valued using the method in question shows a negative shareholders' equity, the carrying amount of the investment is cancelled and any excess attributable to the group, if the latter has committed itself to complying with legal or implicit obligations of the subsidiary company, or in any case covering its losses, is recorded in a specific fund;
- ii) unrealised gains and losses generated on transactions between the Parent Company and the subsidiary company valued using the equity method are eliminated based on the value of the Group's investment in the subsidiary; unrealised losses are eliminated, with the exception of cases in which they are representative of impairment.

Joint arrangements

The Group applies IFRS 11 in the assessment of joint arrangements. In accordance with the provisions of IFRS 11, a joint arrangement can be classified either as a joint operation or as a joint venture on the basis of a substantial analysis of the rights and obligations of the parties. Joint ventures are joint control agreements in which the parties, joint venturers, who hold joint control, have, among other things, rights to the net assets of the agreement. Joint operations

MotorK Limited
Notes forming part of the Consolidated financial statements
for the year ended 31 December 2020 (continued)

are joint control agreements that give participants the rights to the assets and obligations on the liabilities relating to the agreement. Joint ventures are accounted for using the equity method, while investments in a joint operation involve the recognition of assets/liabilities and costs/revenues related to the agreement on the basis of the rights/obligations, due regardless of the ownership interest held.

Assets held for disposal

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

The corresponding values of the previous year are not reclassified in the consolidated statement of financial position, but are instead shown separately in a specific column of variations in the evolution of the assets and liabilities in the year in which the non-current assets destined to be sold or disposal groups are classified as such.

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

Business combination

Business combinations are recorded according to the acquisition method.

According to this method:

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

3. Going concern

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

- despite the market was strongly impacted in 2020 by the spread of COVID-19 with a decrease of car registration of 24.3% compared to 2019, market trends of the first months of 2021 are positive;
- regional lockdowns have accelerated the need of digital solutions in the market: Group has a unique structure in the market covering the entire customer journey of customers and there are no strong competitors offering the same solutions;
- during 2020 the Group has entered into a new financial loan with Illimity Bank for an amount of 6 million, improving the cash available into bank accounts of the Group;

Motork Limited
Notes forming part of the Consolidated financial statements
for the year ended 31 December 2020 (continued)

- short term financial position is positive;

4. Accounting standards in force from 1 January 2020 and interpretations applicable at a future date

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

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

Description	Endorsement date	Publication	Effective date
Amendments to IFRS 3: "Business Combinations" (issued on 22 October 2018)	21 April 2020	22 April 2020	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7: "Interest Rate Benchmark Reform" (issued on 26 September 2019)	15 January 2020	16 January 2020	1 January 2020
Revised version of the IFRS Conceptual Framework (issued on 29 March 2018)	29 November 2019	6 December 2019	1 January 2020
Amendments to IAS 1 and IAS 8: "Definition of Materiality" (issued on 31 October 2018)	29 November 2019	10 December 2019	1 January 2020

The amendments to IFRS 3 "Business Combinations" issued on October 22, 2018, support the entities in determining whether they have acquired a business or a group of assets.

The amendment named "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform" modifies some of the requirements for the hedge accounting application, providing temporary exemptions, in order to mitigate the impact caused by uncertainty of IBOR's reform on future cash flows in the period preceding its completion. The amendment also requires to the companies to provide in the financial statements additional information about their hedging relationship which are directly affected by uncertainties generated by the reform and to which the aforementioned exceptions apply, where applicable.

On March 29, 2019, IASB published an amendment to "References to the Conceptual Framework in IFRS Standards". The Conceptual Framework defines the fundamental concepts for financial information. The document helps ensuring that the Standard are conceptually coherent and that similar transactions are treated in the same way, in order to provide useful information to investors, lenders and other creditors.

The "Amendments to IAS 1 and IAS 8: Definition of Materiality" has the objective to clarify the definition of "materiality" in order to help societies to evaluate if an information is relevant and therefore needs to be included in the financial statements.

In particular, it is specified that an information is relevant if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

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

4.2 Future financial reporting standards and interpretations

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

The following table shows the IFRS Standards/ interpretations approved by the IASB and endorsed in Europe whose mandatory effective date is after December 31, 2020.

MotorK Limited
Notes forming part of the Consolidated financial statements
for the year ended 31 December 2020 (continued)

Description	Endorsement date	Publication	Effective date
Amendments to IFRS 4 "Insurance Contracts - deferral of IFRS 9" (issued on June 25, 2020)	15 December 2020	16 December 2020	1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2" (issued on August 27, 2020)	1 January 2021	13 January 2021	1 January 2021

The amendment to "IFRS 4 "Insurance Contracts - deferral of IFRS 9" supports the companies implementing the new standard IFRS 17, and it makes it easier to show their financial performance.

The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2" integrate those issued in 2019. The amendments referred in phase 2, address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate (i.e. replacement issue) and assist companies in the application of IFRS when changes are made to contractual cash or hedging relationship due to the interest rates reform and in providing useful information to users of the financial statements.

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

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

The International Financial Reporting Standards, interpretations and amendments to existing standards and interpretations, or specific provisions included in the standards and interpretations, approved by IASB, but not yet endorsed for adoption in Europe on 31 December 2020 are listed below:

Description	Effective date
IFRS 17 "Insurance Contracts" (issued on 18 May 2017)	Periods beginning on or after 1 Jan '23
Amendments to IAS 1: "Presentation of Financial Statements - Classification of liabilities as current or non-current" (issued on 23 January 2020)	Periods beginning on or after 1 Jan '23
Amendments to: <ul style="list-style-type: none"> • IFRS 3 Business Combinations • IAS 16 Property, Plant and Equipment • IAS 37 Provisions, Contingent Liabilities and Contingent Assets • Annual Improvements 2018-2020 (All issued on 14 May 2020)	Periods beginning on or after 1 Jan '22
Amendments to IAS 1: "Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies" (issued on 12 February 2021)	Periods beginning on or after 1 Jan '23
Amendments to IAS 8: "Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates" (issued on 12 February 2021)	Periods beginning on or after 1 Jan '23

The IFRS 17 Insurance Contracts, is a new complete standard relative to insurance contracts which covers detection and measurement, presentation and disclosure. Such principle will replace the IFRS 4 Insurance Contracts, issued in 2005. IFRS 17 applies to all kinds of insurance contracts regardless the type of entity issuing them, as well as certain guarantees and financial instruments with discretionary participation characteristics.

On January 23, 2020 IASB issued the amendments to the classification of liabilities as current or non-current, providing a more general approach of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date.

MotorK Limited
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for the year ended 31 December 2020 (continued)

On May 14, 2020 IASB issued the following amendments:

- Amendments to IFRS 3 “Reference to the Conceptual Framework”, in order to: (i) complete the updating of the references to the Conceptual Framework for Financial Reporting present in the accounting standard; (ii) provide clarification on the prerequisites for the recognition, on the acquisition date, of funds, contingent liabilities and tax liabilities (so-called levy) assumed as part of a business combination transaction; (iii) make it clear that potential assets cannot be recognized as part of a business combination;
- Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”, aimed at defining that the revenues from the sale of goods produced by an asset before it is ready for its intended use are charged to the income statement together with the related production costs;
- Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract” aimed at providing clarifications on how to determine the cost of an onerous contract;
- “Annual Improvements to IFRS Standards 2018- 2020 Cycle containing amendments, essentially of a technical and editorial nature, of the accounting principles.

The amendments to IAS 1 and IAS 8 are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of the financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting policies.

The IASB also published in consultation the proposal to extend the application period of the amendment to IFRS 16 “Leases” issued in 2020 by one year to help lessees who, due to Covid-19, benefit from suspension of payments due for leasing.

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

5. Accounting policies

Externally acquired intangible assets

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

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

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

Intangible asset	Useful economic life	Valuation method
Contractual relationships	15 years	Estimated discounted cash flow

Internally generated intangible assets (development costs)

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

- a. it is technically feasible to develop the product for it to be sold
- b. adequate resources are available to complete the development
- c. there is an intention to complete and sell the product
- d. the Group is able to sell the product
- e. sale of the product will generate future economic benefits, and
- f. expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed (3 years). The amortisation expense is included within the administration expenses line in the consolidated statement of comprehensive income.

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Notes forming part of the Consolidated financial statements
for the year ended 31 December 2020 (continued)

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

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Property, plant and equipment

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

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

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

Leases

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

IFRS 16 was adopted 1 January 2020 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2020, see note 25. The following policies apply subsequent to the date of initial application, 1 January 2020.

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

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

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

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

MotorK Limited
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for the year ended 31 December 2020 (continued)

Impairment of property, plant and machinery and intangible assets with a finite useful life

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

Impairment of non-financial assets with indefinite useful economic lives

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

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

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

Foreign currency

The Group's functional currency is in Euros.

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

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

Financial assets

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

a) Financial assets valued at amortised cost

Financial assets which have been verified to meet the following requirements are classified in this category:

- (i) the asset is held within a business model whose objective is possession of the asset to collect contractual financial flows; and
- (ii) the contractual terms of the asset include cash flows represented solely by payments of principal and interest on the principal amount to be repaid.

These are mainly receivables from customers, loans and other receivables.

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

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

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for the year ended 31 December 2020 (continued)

component, using the effective interest rate. The effects of this measurement are recognised as a financial income component.

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

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

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

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

b) Financial assets at fair value through profit or loss ("FVOCI")

Financial assets which have been verified to meet the following requirements are classified in this category:

- (i) the asset is held within the framework of a business model whose objective is achieved both by collecting contractual financial flows and by selling the asset itself; and
- (ii) the contractual terms of the asset include cash flows represented solely by payments of principal and interest on the principal amount to be repaid.

These assets are initially recognised in the financial statements at their fair value plus any additional costs directly attributable to the transactions that generated them. At the time of subsequent measurement, the measurement made at the time of recognition is updated and any changes in fair value are recognised in the statement of comprehensive income.

With reference to the impairment model, it follows what is described in paragraph a) detailed above.

c) Financial assets at fair value with a balancing entry in the consolidated income statement ("FVPL")

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

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

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

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

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

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

Cash and cash balances

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

Financial liabilities

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

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

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

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

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these payables are classified as non-current liabilities.

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

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

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

Employee benefits liabilities

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

According to the national law, the deferred compensation to be paid when an employee leaves the entity is based on the years of service of the employees and on the taxable remuneration earned by the employee during the service year, i.e. the capital accumulated when the employment ends. The provisions are due in the event of retirement, death, invalidity or resignation. During 2020 there were no special events, such as restructuring plans, reductions or regulations during the reference period.

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

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

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

Share based payments

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

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Assets held for sale

Assets held for sale or disposal groups whose carrying amount will be recovered principally through a sale rather than through continuing use are classified as held for sale and presented separately from other assets and liabilities in the consolidated statement of financial position. The corresponding assets amounts for the previous year are not reclassified in the consolidated statement of financial position but are instead presented separately in a specific column for changes in assets and liabilities in the period in which the Assets held for sale or disposal groups are classified as such.

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

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

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

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

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

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

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

Revenue recognition

Revenues from cloud-based SaaS platforms (Webspark and Leadspark) are recognized in line with the IFRS 15 based on the five steps model provided by IFRS 15. The Group is providing "right to use IP" to the client and, as a consequence, the performance obligation is satisfied point in time (at "go-live" of the product).

Revenues from "lead generation" services are recognized when the leads are sent to the OEM (Original Equipment Manufacturer in Automotive Sector), or to the Dealer after the qualification of the lead.

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

Other revenue mainly referred to training activities, that are recognized when the training has been delivered.

Earnings per share

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

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

Deferred taxation

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

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

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

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

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

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

6. Operating segments

Following the classification of the DriveK business as a discontinued operation, the Group has determined that it has one operating and reportable segment based on the information reviewed by its CODM in making decisions regarding allocation of resources and to assess performance.

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

7. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements

- *Share based payments* - Determining the fair value of share-based payments at the balance sheet date represents a significant accounting estimate. There is inherent judgement in the key inputs into the valuation, such as the valuation of the company and the risk free rate applied.
- *Capitalisation of development costs* - Expenditure on Research and Development is recognised as an expense and charged to the consolidated statement of comprehensive income in the year in which it is incurred.

Development expenditure relating to specific projects intended for commercial exploitation is capitalised as an intangible fixed asset where the following conditions are met:

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

Estimates and assumptions

- Revenue recognition - valuation of customer contracts (see note 9);
- Revenue recognition - provision of rights to return goods if customers are dissatisfied (see note 9)
- Impairment of goodwill - estimate of future cash flows and determination of the discount rate (see note 13).
- Income taxes - provisions for income taxes in various jurisdictions (see note 12).
- Employee benefits liabilities- actuarial assumptions (see note 20);
- Deferred tax assets: deferred tax assets are shown based on forecast future taxable income. The estimation of future taxable income for the purpose of accounting for deferred tax assets depends on factors that may change over time and have a significant effect on the recoverability of deferred tax assets.
- Provision for bad debt and contract assets: bad debt provision for trade receivables reflects the directors' best estimate of the losses relating to the client receivables portfolio and contract assets. This estimate is based on the Group's forecast losses, calculated based on past experience, current and historical past due, careful

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monitoring of credit quality and projections of economic and market conditions.

- Useful life of capitalised development costs: management has estimated that the useful life of capitalised development costs is 3 years, representative of the time horizon for which the products developed are expected to generate net cash inflows for the Group.

8. Financial instruments - Risk Management

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

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

Capital risk management

The Group defines capital as the total equity of the Group. The Group's capital is made up of share capital, share premium, retained earnings and other reserves totalling Euro 2,1 million (Euro 7,5 million as at 31 December 2019).

The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from operating cash flow and issuance of shareholders' equity and borrowings. There are no externally imposed capital requirements.

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

With regard to trade receivables, the insolvency risk is monitored centrally by the Group's finance department, which constantly monitors the Group's credit exposure, the collections of trade receivables and the adequacy of bad debt provisions on a monthly basis.

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

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

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

€'000	Not overdue	Overdue by less than 1 month	Overdue by 1-2 month	Overdue by more than 2 months	Total
Gross trade receivables as at 31 December 2019	9,306	725	318	1,811	12,160
Allowance for doubtful receivables	-	-	-	(234)	(234)
Trade receivables as at 31 December 2019	9,306	725	318	1,577	11,926
Gross trade receivables as at 31 December 2020	4,131	212	199	771	5,313
Allowance for doubtful receivables	-	-	-	(268)	(268)
Trade receivables as at 31 December 2020	4,131	212	199	503	5,045

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Foreign exchange risk

Exchange rate fluctuation risk is not considered significant. Even if the parent company is based in UK, all the other subsidiaries are based in Europe and the most significant transactions of the Group are made in Euros, functional currency of the Group used for the preparation of the consolidated financial statements.

Liquidity risk

Liquidity risk - this risk typically arises when an entity is experiencing difficulty finding sufficient funds to meet its obligations and includes the risk that the counterparties that have granted loans and/or lines of credit may request repayment. This risk became particularly significant in 2020 in the wake of the Covid-19 pandemic.

Toward this end, MotorK Group implemented a series of measures and actions which made it possible for the Group to better manage its financial position, further strengthening its structure and solidity. The Board of Directors receives cash flow projections on a regular basis as well as information regarding cash balances and cash forecast projections. At the end of 2020, these projections indicated that MotorK Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The following table provides an analysis of cash disbursements by due date related to financial liabilities, based on contractual repayment obligations, as at 31 December 2020 and 2019:

As at 31 December 2020					
€'000	Within 1 year	2 - 5 years	over 5 years	Contract value	Carrying amount
Financial liabilities	6,807	30,753	309	37,868	31,095
Lease liabilities	872	856	-	1,728	1,588
Trade and other payables	6,128	-	-	6,128	6,128
Other non-current liabilities	-	816	-	816	816
As at 31 December 2019					
€'000	Within 1 year	2 - 5 years	over 5 years	Contract value	Carrying amount
Financial liabilities	1,936	29,947	421	32,303	24,575
Lease liabilities	816	709	-	1,525	1,385
Trade and other payables	11,067	-	-	11,067	11,067
Other non-current liabilities	-	1,759	-	1,759	1,759

Interest rate risk

The Group makes use of external debt resources and invests available liquidity in market instruments. Interest rate fluctuation risk is not considered significant by management considering that the Group seeks to reduce it by fixing interest rates (and hence cash flows) on its long-term borrowings.

Principal financial instruments

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

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

Financial assets

The following tables show financial assets by category, as defined by IFRS 9, as at 31 December 2020 and 2019:

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€'000	2020	2019
Financial assets at amortized cost		
Non-current assets - security deposit	262	382
Trade and other receivables	5,362	12,792
Cash and cash equivalents	11,824	9,406
Total	17,448	22,580

The carrying value of trade and other receivables classified as loans and receivables approximates fair value. Trade receivables are stated net of provision for impairment. See note 16 for disclosure in respect of overdue trade receivables.

Financial liabilities

The following tables show financial liabilities by category, as defined by IFRS 9, as at 31 December 2020 and 2019:

€'000	2020	2019
Financial liabilities at amortized cost		
Trade and other payables	5,443	10,812
Current financial liabilities	6,263	1,742
Current lease liabilities	802	746
Non-current financial liabilities	24,832	22,833
Other non-current liabilities	-	841
Non-current lease liabilities	786	639
Total	38,126	37,613

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.

In the periods under review the Group did not own any financial instruments measured at fair value.

9. Revenue

Group revenue for the year ended 31 December 2020 amount to Euro 19.3 million compared to Euro 27.9 of the year ended 31 December 2019.

Disaggregation of Revenue

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

For the year ended 31 December 2020				
Primary geographic markets	SaaS platform	Digital Marketing	Other revenues	Total
€'000				
UK	-	-	103	103
Italy	6,705	6,322	2,577	15,604

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Spain	1,104	290	50	1,444
France	1,665	-	6	1,671
Germany	292	193	22	507
Total	9,766	6,805	2,758	19,329

For the year ended 31 December 2019				
Primary geographic markets	SaaS platform	Digital Marketing	Other revenues	Total
€'000				
UK	-	-	1	1
Italy	13,964	7,048	4,030	25,042
Spain	1,043	617	48	1,708
France	605	2	43	650
Germany	351	155	33	539
Total	15,963	7,822	4,155	27,940

SaaS Platform revenues are recognised on signing the contract. All other revenues are recognised on delivery of the service.

Digital Marketing revenues are services for the dealer in order to acquire enhanced online traffic. Other revenues mainly include revenues for "white label" integrations on other lead generation sites such as classified sites.

Revenues for SaaS Platforms consist of fees for the creation and maintenance of the dealers' websites ("WebSpark") and CRM services ("LeadSpark"). As reported above such revenues are booked as per IFRS 15 requirements at inception date when the performance obligation is satisfied.

Contract assets booked in the consolidated statement of financial position are related to the IFRS 15 application on DealerK SaaS business (services performed but not yet invoiced) totalling Euro 10.2 million (Euro 11.2 million as at 31 December 2019) are included within current assets and non-current assets in the statement of financial position. They arise from contracts internally defined as "recurring", or based on multi-year contracts (12, 24 or 36 months) and whose existence is based on "delivery" of a platform (a website in the case of revenues from "Webspark" activities and a CRM in the case of revenues from "Leadspark" activities) for which the costs necessary for the development, use and basic operation of the product have already been incurred.

10. Group operating profit/(loss)

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

<i>in € thousands</i>	2020	2019
Costs for marketing services	5,834	6,553
Costs for call center services	195	30
Personnel costs	12,474	15,910
R&D Capitalization	(2,661)	(3,033)
Other operating costs	4,831	7,258
Amortization & Depreciation	3,186	2,316
Total costs	23,859	29,034

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

€'000	2020	2019
Audit of the Group's financial statements	24	24
Audit of the Group's subsidiaries	17	17
Other non-audit services (taxation service)	5	5

The reduction of costs for marketing for the year ended 31 December 2020 compared to the previous year is attributable to the reduction of revenues due to the reduction of activities linked to the outbreak of Covid-19 and related regional lockdowns. Other operating costs include professional fees of consultants and fixed costs incurred by the subsidiaries of the Group. Reduction for the year ended 31 December 2020 compared to the previous year is due to the effort made by all the organization to reduce fixed costs as much as possible during the hardest moment of lockdowns in the first month of 2020.

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

€'000	2020	2019
Wages and salaries	8,784	11,606
Social security costs	2,562	2,989
Employee benefit pension cost	517	554
Share based payments	134	196
Total	11,998	15,345

The detail of directors' remuneration is shown in the following table:

Directors' remuneration (€'000)	For the year ended 31 December		
	2020	2019	2018
Emoluments	476	565	565
Total	476	565	565

Reduction of personnel costs for the year ended 31 December 2020 compared to the previous year is related to the reduction of effective number of FTE and it is influenced by the use of all social shocks-absorber available in Italy, France, Spain and Germany.

Details regarding the increase of share-based payment costs are provided below in the note 23 to the Special Purpose Consolidated Financial Statements.

Amortization and depreciation expenses includes:

- Amortization of intangible assets for approximately Euro 2.2 million for the year ended 31 December 2020 (Euro 1.2 million for the year ended 31 December 2019 and Euro 0.8 million for the year ended 31 December 2018);
- Depreciation of tangible assets for approximately Euro 0.9 million for the year ended 31 December 2020 (Euro 1.1 million for the year ended 31 December 2019 and Euro 0.1 million for the year ended 31 December 2018).

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11. Finance Income and expense

Finance income and expense are shown in the following tables:

€'000	2020	2019
Interest received on bank deposits	16	11
Total finance income	16	11

€'000	2020	2019
Bank loans and overdrafts	194	197
Other loans	1,345	1,043
Hire purchase interest	-	84
Net interest expense on defined benefit pension scheme	16	22
Other interest	265	90
Total finance expense	1,820	1,436

12. Corporate Income tax

Corporate income taxes are shown in the following table:

€'000	2020	2019
Current tax on profits for the period	-	-
R&D tax grants	190	1,582
Foreign subsidiaries income taxes	(127)	(460)
Adjustment for other provision in prior periods	28	-
Total current tax	91	1,122
Origination and reversal of temporary differences	834	9
Total deferred tax	834	9
Corporate income tax	925	1,131

The increase of deferred tax assets for the year ended 31 December 2020 compared to the previous year is due to the deferred tax assets booked in MotorK Italia Srl related to the tax loss to carry forward generated during the year 2020. Such deferred tax assets are booked into the financial statements on the basis of the business plan 2021-2025 approved by the Board of Directors of MotorK Italia Srl in March 2021 that forecasts future taxable income in the period 2021-2025.

The caption R&D tax grants is related to tax grants recognised by Italian tax authorities in relation to R&D expenditures of the Italian company. The reduction compared to last year is related to the change of criteria used by the Italian tax authorities to calculate such grant.

As at 31 December 2020 the Group has estimated trading losses carried forward from prior years totalling Euro 15.9 million (Euro 8.7 million as at 31 December 2019). The related deferred tax assets have not been recognised on the financial statements.

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

<i>€'000</i>	2020	2019
Profit/(loss) before tax (discontinued and continuing operations)	(6,292)	(918)
Tax using the Company's domestic tax rate of 19.0% (2018: 19.0%)	(1,195)	(174)
R&D expenditure credit	(190)	(1,582)
Foreign subsidiaries income taxes	127	460
Other movements	332	165
Total tax (credit)	(925)	(1,131)

The line item Other movements refers to not recognised deferred tax assets.

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Notes to the consolidated statement of financial position

13. Intangible assets

Details of intangible assets increase and decrease for the years ended 31 December 2020 and 2019 are provided in the following table:

€'000	Customer relationships	Development costs	Goodwill	Total
Cost				
As at 1 January 2019	492	7,192	587	8,271
Additions – internally generated	-	3,586	-	3,586
Acquired through business combinations	1,028	12	1,458	2,498
As at 31 December 2019	1,520	10,790	2,045	14,355
Additions – internally generated	-	3,239	-	3,239
Other changes	-	-	(102)	(102)
Assets classified as held for sale	-	(3,245)	-	(3,245)
As at 31 December 2020	1,520	10,784	1,943	14,247
Accumulated amortisation and impairment				
As at 1 January 2019	73	1,564	-	1,637
Charge for the year	176	1,356	-	1,532
As at 31 December 2019	249	2,920	-	3,169
Charge for the year	108	2,605	-	2,713
Assets classified as held for sale	-	(1,497)	-	(1,497)
As at 31 December 2020	357	4,028	-	4,385
Net book value				
As at 1 January 2019	419	5,628	587	6,634
As at 31 December 2019	1,271	7,870	2,045	11,186
As at 31 December 2020	1,163	6,756	1,943	9,862

The Group holds goodwill in respect of the MotorK Italy acquisition in 2016 (Euro 142 thousand), the Punsset (merged in MotorK Spain) (Euro 396 thousand) and MotorK Deutschland acquisitions in 2017 (Euro 49 thousand), and the For Business (Euro 235 thousand) and 3W Net acquisitions in 2019 (Euro 1,121 thousand).

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

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes in margins. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

As at 31 December 2020 goodwill was subjected to an impairment test taking into account past economic and financial performance and future expectations inferable from the business plan 2021-2025. Beyond that period operating cash flows are assumed to grow at 1% annually. The risk adjusted post-tax rate (WACC) used to discount the CGU cash flow forecasts is 11.1%. For the purposes of estimating the value in use of the CGU to which the goodwill is allocated, both internal and external sources of information were used.

The results of the impairment test on goodwill as at 31 December 2020 did not reveal any impairment loss. In assessing the value in use of the CGU, management have considered the potential impact of possible changes in the main assumptions used. A sensitivity analysis was carried out by determining the break-even point WACC, which, keeping the other parameters constant, would render the difference between the recoverable amount and the carrying amount of the CGU as nil. In these circumstances, the break-even point WACC is 35.6%.

As at 31 December 2019 goodwill was subjected to an impairment test using cash flow forecasts derived from the

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most recent financial budgets approved by the Board, extending over the next 5 financial periods. The WACC used to discount the CGU cash flow forecasts was 12.0% and 15.0% respectively, and the growth rate (g) was assumed equal to 3% for both 2019 and 2018. The results of the impairment tests on goodwill as at 31 December 2019 did not reveal any impairment loss. A sensitivity analysis was carried out to check the effects on the impairment test results of changes of the WACC and growth rate. Specifically, reasonable individual changes in these variables, with all other factors remaining the same, resulted in the recoverable amount of the CGU not being less than the carrying amount. Euro 102 thousand, shown in other changes, refers to the difference between the earn-out estimated at inception date for the acquisition of 3WNET and the amount paid during 2020.

Regarding the customer relationship amounting to Euro 1,163 thousand as at 31 December 2020 (Euro 1,271 thousand as at 31 December 2019) and development costs amounting to Euro 6,756 thousand as at 31 December 2020 (Euro 7,870 thousand as at 31 December 2019), despite the loss of the year 2020, management has assessed that there are no impairment indicators and therefore it is not needed to prepare an impairment test. Reason underlying such assessment is related to the fact that the loss of the year is entirely related to the lockdowns related to the spread of Covid-19. Results of Q1 2021, better than budget in terms of revenues and EBITDA confirm such aspect. Development costs includes respectively as of 31 December 2019 and 2020 Euro 690 thousand and 2,358 thousand of development costs related to project in progress at the reporting date.

14. Property plant and equipment

€'000	Leasehold Land and Buildings	Fixtures and Fittings	Motor Vehicles	Computer Equipment	Right-of-use Assets	Total
<i>Cost</i>						
As at 31 December 2018	316	60	66	190	-	632
Initial IFRS 16 application	-	-	-	-	1,965	1,965
As at 1 January 2019	316	60	66	190	1,965	2,597
Additions	4	6	-	3	389	402
Acquired through business combinations	9	16	-	11	-	36
Disposals	(3)	(5)	(66)	(1)	-	(75)
As at 31 December 2019	326	77	-	203	2,354	2,960
Additions	-	-	-	6	1,078	1,084
Reclassification to intangible assets	(10)	-	-	-	-	(10)
As at 31 December 2020	316	77	-	209	3,432	4,034
<i>Accumulated depreciation</i>						
As at 1 January 2019	129	28	16	65	-	238
Charge for the year	62	16	-	42	1,036	1,156
Depreciation on disposals	(1)	-	(16)	(1)	-	(18)
Transfers	-	2	-	-	-	2
As at 31 December 2019	190	46	-	106	1,036	1,378
Charge for the year	54	20	-	44	845	963
As at 31 December 2020	244	66	-	150	1,881	2,341
<i>Net book value</i>						
As at 1 January 2019	187	32	50	125	1,965	2,359
As at 31 December 2019	136	31	-	97	1,318	1,582
As at 31 December 2020	72	11	-	59	1,551	1,693

Right of use assets amounting to Euro 1.6 million as at 31 December 2020 (Euro 1.3 million as at 31 December 2019) are related to the application of IFRS 16 to the lease of the offices of the Group subsidiaries and the lease of cars assigned to the employees. The additions of the year for Euro 1 million are related mainly to the renewal of the lease in place for the office of MotorK Italia Srl of Milan for 6 years.

Right of use by underlying asset mainly refers to (i) automobiles for Euro 0.4 million as of 31 December 2020 (Euro 0.3 million as of 31 December 2019), and to (ii) office rental for Euro 1.1 million as of 31 December 2020 (Euro 1 million as of 31 December 2019).

15. Non-current assets - security deposit

The caption non-current assets - security deposit, amounting to Euro 262 thousand as at 31 December 2020 (Euro 382 thousand as at 31 December 2019 and Euro 289 thousand as at 31 December 2018) includes deposits made by the

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Group mainly for the rental of the offices of the subsidiaries.

16. Contract assets and trade and other receivables

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

<i>€'000</i>	2020	2019
Non-current contract assets	4,289	9,681
Contract assets – current portion	5,915	1,543
Total contract assets	10,204	11,224
Trade receivables	5,045	11,926
Prepayments	307	488
Other receivables	10	378
Tax receivables	270	1,645
Total trade and other receivables	5,632	14,437

As mentioned already in note 9 the caption Contract assets is related to the application of IFRS 15 on DealerK SaaS revenues.

Reduction of trade receivables as at 31 December 2020 compared to the previous year is due to the combined effect of the reduction in revenues and to the application of the standard credit collection procedure applied by the Group and already mentioned above to reduce the receivables exposure.

As at 31 December 2020 trade receivables of Euro 0.6 million (Euro 2.3 million as at 31 December 2019 and Euro 2.6 million as at 31 December 2018) were past due but not impaired. They relate to the customers with no default history. It is worth mentioning that during 2020 the introduction within the finance team of a dedicated credit collection team and the application of a Group standard procedure had a significant impact reducing overdue receivables, as shown in Section 8 Financial Instruments - Risk Management - Credit Risk. 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:

<i>€'000</i>	2020	2019
As at 1 January	234	221
Increase during the year	137	119
Receivables written off during the year as uncollectable	(13)	(106)
Impairment allowance for trade receivables classified as held for sale	(90)	-
As at 31 December	268	234

17. Cash and cash equivalent

The caption cash and cash equivalent amounting to Euro 11,824 thousand (Euro 9,406 thousand as at 31 December 2019 and Euro 6,832 thousand as at 31 December 2018) is related to cash available into bank accounts of the Group subsidiaries. For a detail 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.

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18. Trade and other payables

Trade and other payables include:

€'000	2020	2019
Trade payables	1,761	5,071
Accruals	788	1,496
Total trade payables	2,549	6,567
Other payables including tax and social security payments	2,894	4,245
Tax liabilities	685	255
Total current trade and other payables	6,128	11,067

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

Trade payables reduction as at 31 December 2020 compared to the previous year is mainly related to the reduction of costs put in place by the organization to face the outbreak of Covid-19, and to the reclassification of assets classified as held for sale in accordance with IFRS 5 (see note 24).

Other payables include the liabilities toward employees at the end of the year for an amount of approximately Euro 1.5 million as at 31 December 2020 (Euro 2 million as at 31 December 2019), contract liabilities for an amount of approximately Euro 0.9 million as at 31 December 2020 (Euro 1.3 million as at 31 December 2019). As at 31 December 2020, other payables includes also the last tranche of the consideration to be paid in June 2021 for the acquisition of 3WNET for an amount of Euro 0.4 million.

19. Current and non-current financial liabilities

Current and non-current financial liabilities include:

€'000	2020	2019
Bank loan	1,594	628
Convertible notes	4,650	-
Factoring	-	1,114
Other financial liabilities	19	-
Total current financial liabilities	6,263	1,742
Current lease liabilities	802	746
Bank loan	24,832	18,833
Convertible notes	-	4,000
Other non-current financial liabilities	-	-
Total non-current financial liabilities	24,832	22,833
Non-current lease liabilities	786	639

In December 2019 a first tranche of convertible notes was issued to an investment fund, for an amount of Euro 4.0 million, convertible into shares starting from June 2021. A second tranche of the notes was issued in March 2020, for an amount of Euro 0.6 million to other investment funds, convertible into share starting from September 2021. This loan does not carry any interest and is not repayable and is convertible by the loan note holders at any time or within 18 months of the investment assuming an equity fund raise has been completed. If the loans have not been converted by this date the loan note holders can either extend the term or convert them into equity at that time.

As at 31 December 2020 within non-current financial liabilities is classified the long-term portion of loans obtained by MotorK Italia Srl. In details:

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- Long term portion of bank loan entered with Creval amounting to Euro 0.5 million.
- Long term portion of bank loan entered with Credimi amounting to Euro 1.6 million.
- Long term portion of bank loan entered with Illimity Bank amounting to Euro 5.4 million.
- Long term portion of loan entered into European Investment Banking amounting to Euro 17.2 million including the accrued interest as at 31 December 2020 calculated in accordance with IFRS 9.

The bank loan with Credimi foresees an increase in the interest rate based on changes between the granting date and the testing date of (i) the ratio Net financial position/EBITDA and (ii) equity, as defined by the loan agreement. The loan agreement also foresees an increase of 2% in the spread in case EBITDA is negative.

The loans entered by the Group do not require compliance with any financial covenants.

The following table sets forth the breakdown of bank loans by counterparty for the years ended December 31 2020 and 2019:

€'000	2020		2019	
	Current	Non-current	Current	Non-current
Financial Institution				
BNL	333	-	333	167
Creval	302	581	295	782
Credimi	359	1,641	-	2,000
European Investment Bank	-	17,210	-	15,884
Illimity Bank	600	5,400	-	-
Total	1,594	24,832	628	18,833

The following table provides details of the main bank borrowing in place:

Financial institution	Issuance date	Nominal amount	Repayment conditions	Interest rate	Facility length
BNL	21 May 2018	1,000,000	Quarterly	Variable – EURIBOR 3 MONTHS+1.7%	3 years
Creval	05 June 2018	1,500,000	Monthly	Variable – EURIBOR 3 MONTHS+3.5%	5 years
Credimi	18 March 2019	2,000,000	Quarterly starting from March 2021	Variable – EURIBOR 3 MONTHS+5.3%	4 years
European Investment Bank I tranche	14 December 2018	7,500,000	Bullet	Fixed – 10%	5 years
European Investment Bank II tranche	26 June 2019	7,500,000	Bullet	Fixed -9%	5 years
Illimity Bank	1 August 2020	6,000,000	Quarterly starting from August 2021	Fixed -3.5%	5 years

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

Financial liabilities at 31 December 2018	15,366
Drawdowns of new loan and CEN	13,500
Repayments of loan	(618)
Change in factoring	(1,448)
Cash changes	11,434
Reclassification to equity of convertible loans	(3,000)
Amortised cost for the period	775
Remeasurement and early termination	-
Financial liabilities at 31 December 2019	24,575
Drawdowns of new loan and CEN	6,650

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Repayments of loan	(342)
Change in factoring	(1,114)
Cash changes	5,194
Amortised cost for the period	1,326
Remeasurement and early termination	-
Financial liabilities at 31 December 2020	31,095

Changes during the 2020 are related to the repayment of short-term portion of such loans and the new financial resources obtained from Illimity Bank amounting to Euro 6 million to be repaid in quarterly instalments starting from August 21 for 60 months with an interest rate of 3.5%. Such loan has been secured by Banca del Mezzogiorno MedioCredito Centrale S.p.A. amounting to Euro 3.6 million in accordance with Italian law provision related to the spread of Covid 19.

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 agreement in place for offices of the Group subsidiaries and for car assigned to the employees.

The leases within the scope of IFRS 16 relate to properties and motor vehicles. In 2020 and 2019 the expense relating to low value assets leases amounted to Euro 0.5 million and Euro 0.3 million, respectively.

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

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

The following table provides details of lease liabilities:

€'000	Land and buildings	Motor vehicles	Total
<i>Lease liabilities</i>			
As at 1 January 2019	1,504	542	2,046
<i>Cash items:</i>			
Lease payments	(808)	(326)	(1,134)
<i>Non-cash items:</i>			
New leases in the year	250	139	389
Interest expense	64	20	84
As at 31 December 2019	1,010	375	1,385
<i>Cash items:</i>			
Lease payments	(585)	(338)	(923)
<i>Non-cash items:</i>			
New leases in the year	740	317	1,057
Interest expense	47	22	69
As at 31 December 2020	1,212	376	1,588

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

€'000	As at 31 December	
	2020	2019
<i>Repayables as follows:</i>		
Under 1 year	802	746
2-5 years	726	578
Greater than 5 years	60	61
Total	1,588	1,385

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20. Employee benefits liabilities

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

According to the national law, the deferred compensation to be paid when an employee leaves the entity is based on the years of service of the employees 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.

The Employee benefit plan, included in the Italian employees' contracts only, increased by Euro 234 thousand as at 31 December 2020 compared to 31 December 2019, and by Euro 332 thousand as at 31 December 2019 compared to 31 December 2018, due to the increase in the number of employees. According to IAS 19, the liability was determined by an actuarial calculation. The effect of the actuarial loss, amounting to Euro 165 thousand for the year ended 31 December 2020, Euro 34 thousand for the year ended 31 December 2019, has been recognised in the OCI.

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

Maturity Profile of Defined Benefit Obligation	
Years	€'000
Expected benefit payments during fiscal year ending 31-Dec-21	77
Expected benefit payments during fiscal year ending 31-Dec-22	73
Expected benefit payments during fiscal year ending 31-Dec-23	90
Expected benefit payments during fiscal year ending 31-Dec-24	106
Expected benefit payments during fiscal year ending 31-Dec-25	122
Expected benefit payments during fiscal years ending 31-Dec-26 through 31-Dec-30	1,350

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

€'000	2020	2019
Present value of funded obligation	(1,818)	(1,584)
Fair value of scheme assets	-	-
Employee benefit liability	(1,818)	(1,584)

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

€'000	2020	2019
Current service costs	507	541
Amount included in administrative expenses	507	541
Interest on pension liabilities	16	22
Amount included in finance cost	16	22

The cumulative actuarial losses recognised in other comprehensive income as at 31 December 2020 is Euro 165 thousand (Euro 332 thousand as at 31 December 2019).

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

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€'000	2020	2019
Experience loss on liabilities	(165)	(34)
Changes in assumptions	-	-
Net loss	(165)	(34)

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

€'000	2020	2019
Opening employee benefit obligation	1,584	1,252
Service cost - continuing operation	507	541
Service cost - discontinued operation	87	-
Interest cost	16	22
Actuarial losses	165	34
Benefit paid	(416)	(289)
Reclassification as liabilities directly associated with assets classified as held for sale	(128)	-
Other movements	3	24
Closing employee benefit obligation	1,818	1,584

Expected payments for the year ending 31 December 2021 for the Group amount to Euro 77 thousand.

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

The financial assumptions used for this report at the end of the fiscal year are:

- Discount rate: corporate bonds of appropriate duration and quality should be considered in order to determine a discount rate appropriate for IAS purposes. The discount rates used for assessing current and previous assessments were chosen based on the Willis Towers Watson (scheme actuaries) rate;
- Inflation: the assumed rate of price inflation was assessed by reference to the inflation of the target price set by the European Central Bank over the medium term with a country-specific adjustment;
- Increase in remuneration: The hypothesis was selected in agreement with the Company.

Principal assumptions at the statement of financial position date (expressed as weighted averages) are as follows:

	2020	2019
Discount rate	0.70%	1.10%
Rate of retail price inflation	1.75%	1.75%
Rate of increase in salaries	2.75%	2.75%
Plan participant rate	1/1/21	1/1/20

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

€'000	2020	2019
Employee benefits obligation	(1,818)	(1,584)
Scheme assets	-	-
(Deficit)	(1,818)	(1,584)
Experience adjustments on scheme liabilities	(165)	(34)

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

€'000	2020	2019
Base case	1,818	1,584
Discount rate +0.5%	(212)	(147)
Discount rate -0.5%	112	3

21. Deferred Tax assets and liabilities

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

The movement of deferred tax assets is shown below:

€'000	2020	2019
As at 1 January	0	0
Losses carried forward (MotorK Italia)	698	0
As at 31 December	698	0

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

Deferred tax assets amounting to Euro 698 thousand as at 31 December 2020 have been recognised in respect of MotorK Italia Srl 2020 tax losses on the basis of the 5 years MotorK Business Plan approved by the Board of Directors that forecasts taxable income for the period of the Plan. Due to the MotorK transfer pricing model, most of this taxable income will be taxed in Italy and, as a consequence, deferred tax assets will be recovered in accordance with the Plan. It is worth mentioning that the Group has estimated trading losses totalling Euro 14 million as at 31 December 2020 (Euro 8.7 million as at 31 December 2019 and Euro 7.2 million as at 31 December 2018). Related deferred tax asset has not been recognised on the losses due to the uncertainty as to when the losses will be utilised. The losses can be carried forward indefinitely and have no expiry date.

The movement of the deferred tax liabilities is shown below:

€'000	2020	2019
As at 1 January	315	151
Business combination	-	175
Recognised in profit and loss	(70)	(11)
As at 31 December	245	315

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Details of the deferred tax liability are shown below:

€'000	2020	2019
Other	47	56
Customer relationship	198	259
Total	245	315

22. Other non-current liabilities

The financial statement caption other non-current liabilities as at 31 December 2020 includes only the provision for risks and warranties on DealerK SaaS business as already detailed before in such Notes. Non-current other payables as at 31 December 2019 refers for Euro 842 thousand to the deferred consideration in relation to the acquisition of Punsset Asociados 21, SL and 3W Net Sarl. Changes as at 31 December 2020 compared to previous year are related to the payment of last tranches of consideration of acquisitions made in the previous years.

23. Shareholders Equity

Share capital

The share capital is composed as follows:

€'000	2020	2019
17,352,000 Ordinary shares of €0.01	174	174
196,500 Deferred shares of €0.01	2	2
2,779,100 Preferred A-1 shares of €0.01	28	28
6,923,346 Preferred A-2 shares of €0.01	69	69
Total	273	273

On 1 July 2019 the company issued 52,000 Ordinary shares for a consideration of Euro 200 thousand. The Company issued these shares as part of the business combination to acquire 3W Net Sarl. Further details of this transaction are included in note 25.

On 11 December 2019 the company issued 1,121,346 Preferred A-2 shares as a result of the conversion of Euro 3 million of other loans as noted in note 19.

The share premium reserve amounts to Euro 12,166 thousand as at 31 December 2020 (Euro 12,166 thousand as at 31 December 2019 and Euro 8,978 thousand as at 31 December 2018).

The Company has the following classes of shares:

Ordinary shares - These shares give the holders the right to dividends after payment of any preference dividends, as declared from time to time, and full voting rights. The Ordinary shares carry rights to the return of capital on sale or winding up after the preference shareholders.

Deferred shares - These shares give the holders no right to dividends or voting rights. The deferred shares carry rights to the return of capital on sale or winding up after the preference and ordinary shareholders.

Preference A-1 and A-2 shares - These shares give the holders the right to dividends as declared from time to time (and rank ahead of the ordinary shares), and full voting rights. The preference shares carry rights to the return of capital on sale or winding up ahead of the other classes of shares.

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Share based payments

The Group operates an equity-settled share-based remuneration scheme for employees which comprises the Group Employee Share Option Plan.

During the year ended 31 December 2020 1,026,365 (432,274 in 2019) options were granted to employees. These options all vest on a straight-line basis over four years, have an exercise price of Euro 0.34, and have a life of 10 years. The earliest date on which the option may be exercised shall be immediately prior to the date on which an exit, consisting in a share sale, an asset sale or a listing, occurs.

	2020		2019	
	Weighted average exercise price (€ cents)	Number	Weighted average exercise price (€ cents)	Number
Outstanding at 1 January	34	1,401,374	34	1,496,005
Subdivision of shares	-	-	34	-
Granted during the year	34	1,026,365	34	432,274
Lapsed during the year (*)	34	(741,780)	34	(526,905)
Outstanding at 31 December	34	1,685,959	34	1,401,374

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

The exercise price of options outstanding at 31 December 2020, 2019 was Euro 0.34.

Of the total number of options outstanding as at 31 December 2020 1,002,699 (533,353 as at 31 December 2019) were capable of being exercised.

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

	2020	2019
	Black-Scholes	Black-Scholes
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date (€)	3.74	1.68
Exercise price (€)	0.337	0.337
Weighted average contractual life (years)	10.00	10.00
Volatility	32%	32%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted

for any expected changes to future volatility due to publicly available information. Historic volatility is estimated looking at the five-year, 50-day median volatility of a sample of comparable companies operating in the software industry listed on the European stock market (Euronext).

The share-based remuneration expense comprises:

€'000	2020	2019
Equity-settled scheme	134	196

24. Discontinued operations

During the year 2020 management of the Group has reviewed the strategic view of MotorK focusing on the DealerK business unit, which has already demonstrated scalability by building on investments made over recent years in R&D, hiring and acquisitions. An important step in this regard is the decision to sell to a third party the business unit DriveK. This operation may give the chance to focus all the strength on one business unit, maximise the value of the

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Company and complete the technological transformation. In this regard the board of directors of the Company have taken proper action engaging advisors and take relevant decision to complete such transaction in 2021. Due to the commitment of the Board of Directors and in accordance with IFRS 5 management has decided to classify such business unit as discontinued in the consolidated financial statements ended 31 December 2020 and in accordance with IFRS 5 the results of operations have been reclassified in the comparable periods. The cash flows attributable to the discontinued operations are disclosed separately in this note.

The business is reported in the current period as discontinued operation. Financial information relating to the discontinued operation is set out below.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the years ended 31 December 2020 and 2019

€'000	2020	2019
Revenue	5,946	9,633
Costs for marketing and call center services	3,307	5,289
Personnel costs	2,136	2,566
R&D Capitalization	(574)	(556)
Other operating costs	503	405
Amortization and Depreciation	532	328
Total costs	5,904	8,032
Operating profit	42	1,601
Finance expense	-	-
Profit before tax	42	1,601
Corporate income tax	-	-
Profit/(loss) after income tax of discontinued operation	42	1,601

€'000	2020	2019
Net cash flows from/(used in) operating activities	2,857	2,930
Net cash from/(used in) investing activities	42	250
Net cash from/(used in) financing activities	-	-
Net increase in cash generated by the business	2,899	3,180

Assets and liabilities of disposal group as held for sale

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

€'000	As at 31 December 2020
Intangible assets	1,748
Trade and other receivables	3,195
Total assets classified as held for sale	4,943
Trade and other payables	1,166
Employees benefits	128
Total liabilities	1,294
Net assets	3,649

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25. Post balance sheet events

Incorporation of new entities

In the first months of 2021, MotorK Italia Srl has incorporated two new subsidiaries in Portugal (DealerK Technology Solutions, Unipessoal LDA) and in Israel (MotorK Israel LTD). DealerK Technology Solutions, Unipessoal LDA has the aim to build a new R&D structure to assist the one already in place in Italy. MotorK Israel LTD has the target to hire new talents in the digital sector. Both companies will help the Group to pursue the strategic targets in the mid period.

Merger of the two French entities

In the first months of 2021 it was approved by the Board of Directors the merger between the two French entities: MotorK France and 3WNET. The merger will be effective starting from 1 June 2021 with the goal to improve the efficiency of the administrative structure in France and reduce fixed costs.

Convertible notes conversion

In June 2021 and September 2021 the first and second tranches of Euro 4,000 thousand and Euro 650 thousand respectively of the convertible notes have been converted to equity. This conversion improves the financial structure of MotorK Group and is the confirmation of how investors are believing in the strategic view of MotorK management. The actual number of shares as a result of conversion to shares is 1,242,628.

Binding letters of intent for acquisition of companies

On October 7, 2021, the Company entered into a binding letter of intent with the shareholders Juan Afan Munoz, Rosa Maria Escun Guasp, Juan Carlos Afan Escuin, Sara Afan Escuin, Jose Angel Lopez Morote, and Maria del Rosario Gil Molano of DAPDA Media, S.L. and PDA DAPDA, S.L., companies incorporated under Spanish law, for the purchase of all of the stock of the companies.

On October 7, 2021, the Company entered into a binding letter with the shareholders Henry Thibault, Fabrice Caltagirone, and ESF Conseil of Fidcar SAS and Liotey SAS, companies incorporated under French law, for the purchase of all of the stock of the companies.

On October 7, 2021, the Company entered into a binding letter with the shareholders of Francepronet SAS, a company incorporated under French law, for the purchase of 85% of the stock of the company

Intention to launch an initial public offering

On October 14, 2021, the Company has announced the intention to launch an initial public offering and to apply for listing and trading of its shares on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V.

26. Related party transactions

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including all the directors of the Company.

Total compensation paid to key management personnel for services provided to the Group was Euro 476 thousand for the year ended 31 December 2020 (Euro 565 thousand for the year ended 31 December 2019 and Euro 565 thousand for the year ended 31 December 2018).

€'000	2020	2019
CEO	134	143
CTO Innovation	111	143
CTO Production	111	143
EVP	120	136
Total	476	565

The total compensation equals short-term employee benefits.

MotorK Limited
MotorK Limited statement of financial position
as at 31 December 2020

€'000	Note	2020	2019
Property, plant and equipment		0	55
Investments	4	10,271	11,474
Non-current assets – security deposits		4	57
Non-current assets		10,275	11,586
Trade and other receivables	5	175	19,934
Cash and cash equivalents	6	71	97
Assets classified as held for sale			
Current assets		246	20,031
Total assets		10,521	31,617
Trade and other payables	7	9,783	24,153
Current lease liabilities		0	56
Liabilities directly associated with assets classified as held for sale			
Current liabilities		9,783	24,209
Other non-current liabilities		0	4,050
Non-current liabilities		9,783	4,050
Total liabilities		9,783	28,259
Share capital		273	273
Share premium reserve		12,166	12,166
Retained earnings		(11,701)	(9,081)
Total equity		738	3,358
Total liabilities and equity		10,521	31,617

The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not prepared its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company for the year was €5,367k (2019: loss of €1,070k).

The financial statements were approved and authorised for issue by the Board of Directors on 25 October 2021 and were signed on its behalf by:


 Marco Marfia
 Director

The notes on pages 51 to 57 form part of these financial statements.

MotorK Limited
MotorK Limited statement of changes in equity
as at 31 December 2020

	Share capital	Share premium	Retained Earnings	Total attributable to equity holders of parent €'000
	€'000	€'000	€'000	€'000
1 January 2019	261	8,978	(8,207)	1,032
Comprehensive Income for the period	-	-	(1,070)	(1,070)
Loss for period	-	-	-	-
Total comprehensive Income for the period	-	-	(1,070)	(1,070)
Contributions by and distributions to owners				
Issue of shares	12	3,188	-	3,200
Share based payment	-	-	196	196
Total contributions by and distributions to owners	12	3,188	196	3,396
31 December 2019	273	12,166	(9,081)	3,358
Comprehensive Income for the period	-	-	(5,367)	(5,367)
Loss for period	-	-	-	-
Total comprehensive Income for the period	-	-	(5,367)	(5,367)
Contributions by and distributions to owners				
Issue of shares	-	-	-	-
Share based payment	-	-	2,747.00	2,747.00
Total contributions by and distributions to owners	-	-	2,747.00	2,747.00
31 December 2020	273	12,166	(11,701)	738

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

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

The notes on pages 51 to 57 form part of these financial statements.

MotorK Limited
Notes forming part of the MotorK Limited financial statements
for the year ended 31 December 2020

1. General information

MotorK Limited (the "Company" or the "Parent Company") is a company incorporated in UK with registered office is Kemp House, 152 City Road, London, EC1V 2NX.

The Company and its subsidiaries (the "Group" or "MotorK Group") offer digital services in the automotive sectors. More details regarding the performance of the Group during 2020 are reported in the Strategic Report.

As of 31 December 2020 the main shareholders of the Parent Company are Marco Marlia, original founder and CEO of the Group, Fabio Gurgone, original founder and Product Architect of the Group and Marco De Michele, original founder and Senior Technology Advisor of the Group, who directly hold approximately 57% of the share capital, and 83 North, who directly holds 24.5% of the share capital .

It is worth mentioning that, during 2020 a Group reshuffling was put in place to reinforce the structure of MotorK Group. Due to this reorganization as at 31 December 2020 a sales and purchase agreement has been entered into with MotorK Limited and MotorK Italia Srl to sell the equity investments in MotorK Deutschland GmbH, MotorK Spain Gestiones Comerciales, MotorK France Sarl and For Business Srl.

2. Accounting policies

Basis of preparation of financial statements

The parent company financial statements of MotorK Limited (the "Company") have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework and as required by the Companies Act 2006.

The financial statements are prepared under the historical cost convention as modified for financial instruments that are measured at fair value.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by MotorK Limited.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of MotorK Limited. These financial statements do not include certain disclosures in respect of:

- Business combinations;
- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

Investments

Equity investments in subsidiaries are entered at the consideration to paid to acquire the company or at the value subscribed for the incorporation. Management periodically review the value of the investments to detect any possible impairment indicators. Should such indicators arisen an impairment test is carried out to evaluated if book value is not higher than the greater between fair value and value in use. Value in use is determined with a discounted cash flow method analysis.

MotorK Limited
Notes forming part of the MotorK Limited financial statements
for the year ended 31 December 2020 (continued)

Financial assets

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

a) Financial assets valued at amortised cost

Financial assets which have been verified to meet the following requirements are classified in this category:

- (i) the asset is held within a business model whose objective is possession of the asset to collect contractual financial flows; and
- (ii) the contractual terms of the asset include cash flows represented solely by payments of principal and interest on the principal amount to be repaid.

These are mainly receivables from customers, loans and other receivables.

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

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

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

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

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

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

b) Financial assets at fair value through profit or loss ("FVOCI")

Financial assets which have been verified to meet the following requirements are classified in this category:

- (i) the asset is held within the framework of a business model whose objective is achieved both by collecting contractual financial flows and by selling the asset itself; and
- (ii) the contractual terms of the asset include cash flows represented solely by payments of principal and interest on the principal amount to be repaid.

These assets are initially recognised in the financial statements at their fair value plus any additional costs directly attributable to the transactions that generated them. At the time of subsequent measurement, the measurement made at the time of recognition is updated and any changes in fair value are recognised in the statement of comprehensive income.

With reference to the impairment model, it follows what is described in paragraph a) detailed above.

c) Financial assets at fair value with a balancing entry in the consolidated income statement ("FVPL")

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

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

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

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

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

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

MotorK Limited
Notes forming part of the MotorK Limited financial statements
for the year ended 31 December 2020 (continued)

Cash and cash balances

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

Financial liabilities

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

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

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

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

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

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

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

Defined contribution schemes

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

Dividends

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

Deferred taxation

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

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

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

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

Share based payments

MotorK Limited
Notes forming part of the MotorK Limited financial statements
for the year ended 31 December 2020 (continued)

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

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

3. Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Judgements

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

Estimates and assumptions

- Impairment of investments* - Estimate of future cash flows and recoverability of investment.

4. Investments

	2020 €'000	2019 €'000
Cost		
At 1 January	11,474	7,224
Additions	-	4,250
Disposals	(1,203)	-
At 31 December	10,271	11,474
Impairment provisions		
At 1 January	-	-
Movement in year	-	-
At 31 December	-	-
Net book value	10,271	11,474

The sole investment held by MotorK Limited is the 100% of the share capital of MotorK Italia Srl. As already described above during 2020 a group reshuffling was put in place. One of the steps of such reorganization was the selling of the equity investments held in the previous year by MotorK Limited in MotorK Deutschland GmbH, MotorK Spain Gestiones Comerciales, MotorK France Sarl and For Business Srl. Such operation has been approved

MotorK Limited
Notes forming part of the MotorK Limited financial statements
for the year ended 31 December 2020 (continued)

by the Board of Directors of MotorK Limited and MotorK Italia Srl. The value of each investment was evaluated at fair value through a discounted cash flow model applying the WACC for each market of reference. Such evaluation has been corroborated by a third-party consultants.

5. Trade and other receivable

	2020 €'000	2019 €'000
Trade debtors	24	168
Amounts owed to group undertakings	-	19,457
Prepayments	151	278
Other receivables	-	31
	<hr/>	<hr/>
Total trade and other receivables	175	19,934
	<hr/>	<hr/>

Reduction of receivable towards Group company is related to different compensations made during the year and to the selling of net position towards MotorK Deutschland GmbH, MotorK Spain Gestiones Comerciales, MotorK France Sarl and For Business Srl within the Group reshuffling described above.

6. Cash and cash equivalent

The caption cash and cash equivalent amounting to Euro 71 thousand (2019: Euro 97 thousand) is related to cash available into bank accounts of the MotorK Limited.

7. Trade and other payables

	2020 €'000	2019 €'000
Current		
Other loans	4,650	-
Trade payables	152	241
Amounts owed to group undertakings	4,962	23,854
Other taxation and social security	9	8
Other payables	-	25
Accruals	10	25
	<hr/>	<hr/>
Total Trade and other payables	9,783	24,153
	<hr/>	<hr/>
Non-current		
Other loans	-	4,000
Other creditors	-	50
	<hr/>	<hr/>
Total Trade and other payables	-	4,050
	<hr/>	<hr/>
	2020 €'000	2019 €'000
The non-current other creditors are repayable as follows:		
1-2 years	4,650	4,050
2-5 years	-	-
	<hr/>	<hr/>

MotorK Limited
Notes forming part of the MotorK Limited financial statements
for the year ended 31 December 2020 (continued)

4,650

4,050

The €4,650k other loan advanced in the year is convertible into shares. This loan does not carry any interest and is not repayable and is convertible by the loan note holders at any time or within 18 months of the investment assuming an equity fund raise has been completed (in any case no later than September 2021). If the loans have not been converted by this date the loan note holders can either extend the term or convert them into equity at that time. In June 2021 and September 2021 the first and second tranches of Euro 4,000 thousand and Euro 650 thousand respectively of the convertible notes have been converted to equity. This conversion improves the financial structure of MotorK Group and is the confirmation of how investors are believing in the strategic view of MotorK management. The actual number of shares as a result of conversion to shares is 1,242,628.

Reduction of payables towards Group company is related to different compensations made during the year and with the selling of net position towards MotorK Deutschland GmbH, MotorK Spain Gestiones Comerciales, MotorK France Sarl and For Business Srl within the Group reshuffling described above.

8. Share Capital

Share capital

	2020 €'000	2019 €'000
17,352,000 Ordinary shares of € 0.01	174	174
196,500 Deferred shares of € 0.01	2	2
2,779,100 Preferred A-1 shares of € 0.01	28	28
6,923,346 Preferred A-2 shares of € 0.01	69	69
	<hr/>	<hr/>
	273	273

On 1 July 2019 the company issued 52,000 Ordinary shares for a consideration of €200k. The company issued these shares as part of the business combination to acquire 3W Net Sarl. Further details of this transaction are included in note 22.

On 11 December 2019 the company issued 1,121,346 Preferred A-2 shares as a result of the conversion of €3.0m of other loans as noted in note 15.

The premium reserve amounts to €12,172k as of 31 December 2020 (€8,978k in 2018).

The company has the following classes of shares:

Ordinary shares - These shares give the holders the right to dividends after payment of any Preference dividends, as declared from time to time, and full voting rights. The Ordinary shares carry rights to the return of capital on sale or winding up after the Preference shareholders.

Deferred shares - These shares give the holders no right to dividends or voting rights. The Deferred shares carry rights to the return of capital on sale or winding up after the Preference and ordinary shareholders.

Preference A-1 and A-2 shares - These shares give the holders the right to dividends as declared from time to time (and rank ahead of the ordinary shares, and full voting rights. The Preference shares carry rights to the return of capital on sale or winding up ahead of the other classes of shares.

9. Share based payments

Share based payments

The Group operates an equity-settled share-based remuneration scheme for employees which comprises the Group Employee Share Option Plan.

During the year ended 31 December 2020 1,026,365 (432,274 in 2019) options were granted to employees. These

MotorK Limited
Notes forming part of the MotorK Limited financial statements
for the year ended 31 December 2020 (continued)

options all vest on a straight-line basis over four years, have an exercise price of Euro 0.34, and have a life of 10 years. The earliest date on which the option may be exercised shall be immediately prior to the date on which an exit, consisting in a share sale, an asset sale or a listing, occurs.

	2020		2019	
	Weighted average exercise price (€ cents)	Number	Weighted average exercise price (€ cents)	Number
Outstanding at 1 January	34	1,401,374	34	1,496,005
Subdivision of shares	-	-	34	-
Granted during the year	34	1,026,365	34	432,274
Lapsed during the year (*)	34	(741,780)	34	(526,905)
Outstanding at 31 December	34	1,685,959	34	1,401,374

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

The exercise price of options outstanding at 31 December 2020, 2019 was Euro 0.34.

Of the total number of options outstanding as at 31 December 2020 1,002,699 (533,353 as at 31 December 2019) were capable of being exercised.

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

	2020	2019
	Black-Scholes	Black-Scholes
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date (€)	3.74	1.68
Exercise price (€)	0.337	0.337
Weighted average contractual life (years)	10.00	10.00
Volatility	32%	32%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. Historic volatility is estimated looking at the five-year, 50-day median volatility of a sample of comparable companies operating in the software industry listed on the European stock market (Euronext).

The share-based remuneration expense comprises:

€'000	2020	2019
Equity-settled scheme	134	196

10. Deferred tax

The company has estimated trading losses totalling € 14,023k (2019: €8,702k). A deferred tax asset totalling €2,383k (2019: €1,479k) has not been recognised on these losses due to the uncertainty as to when the losses will be utilised.

11. Related party transactions

No transactions to be reported.