

WELL POSITIONED FOR LONG TERM GROWTH
HEALTHY INVESTMENTS IN FY 22 TO ACHIEVE CRITICAL MASS
RECORD ARR GROWTH DRIVEN BY BEST-IN-CLASS KPIS
BENEFITTING FROM OPERATIONAL LEVERAGE FROM FY 23 ONWARDS

LONDON – 23 February 2023 – MotorK Plc (AMS: MTRK) (“MotorK” or the “Group”) announced solid financial results for the year ended December 31, 2022 (“FY 22”).

FY 22 FINANCIAL HIGHLIGHTS

- **FY 22 record ARR** of €26.9 million, including €9.7 million from M&A, compared to €15.1 million in the prior year (of which €2.7 million from M&A), up 40% organically, and up 78% including M&A. Solid pipeline for FY 23, with committed ARR at year end of an additional €5.2 million
- **Best-in-class operational KPIS** with churn remaining at low 4.5% across the year and overall Net Retention Revenue (“NRR”)¹ of 122.4% highlighting the proven land and expand strategy
- **Average annual contract value (ACV)**² reached record €17.8k, up 20% against €14.8k in the same period last year, demonstrating sustained growth in multi-product adoption within the customer base fueled by continued new product launches
- **FY22 Reported Revenues**³ of €38.5 million, up 40% on the prior year period and €40.6 million, accounting for FY22 M&A on a 12-months basis
- **R&D spend** of €14.3 million up 82% YoY, as part of the focus to continue healthy investments in developing innovative solutions and to expand MotorK’s SaaS platform capabilities
- **Adjusted EBITDA** of €0.2 million reflects planned investment to support the growth strategy
- **Net Cash Position** of €6.5million, including €19.2 million of cash and cash equivalents, offering flexibility to pursue R&D investments and finance external growth opportunities

Amir Rosentuler, Executive Chairman said: “I am pleased that the investments made in the business during FY 22 brings MotorK to critical mass and positions us for sustainable growth going forward. Our scale now puts us on a path to create operational leverage from FY 23 as we focus on delivering profitable growth and free cash flow. The future remains bright for MotorK.”

Marco Marlia, Co-founder & CEO added: “Once again we have demonstrated the resilience of the MotorK business, delivering another strong year by staying true to our growth strategy. In 2022, we not only grew our business by 40% organically but also completed three strategic acquisitions and introduced the heart of our future business: the SparK platform.”

OPERATIONAL HIGHLIGHTS

Best-in-class growth

During FY 22 the Group continued to invest in organic growth, with a particular focus on the Sales and Marketing team, which grew from 76 to 108 FTEs. This enabled MotorK to deliver another successful year, balancing the addition of new clients (+116) to its growing customer base with upselling and cross-selling additional services to the existing base.

¹ Net Retention Revenues (“NRR”) is defined as the percentage of Recurring Revenues retained from existing customers

² Core Retail base, excluding acquired companies (Dapda, FranceProNet, Fidcar, Carflow and WebMobil24) currently under migration

³ Under IFRS 15, revenue from the applicable subscription agreement is recognized for the entire value of the contract, regardless of its duration, at the time of its delivery; conversely, ARR shows revenue as if it were received on a straight-line basis over the life of the contract

In FY 22, MotorK reported record growth of its annual recurring revenues (ARR), totaling €26.9 million, including €9.7 million from M&A, compared to €15.1 million in the prior year (of which €2.7 million from M&A), up 40% organically, and up 78% including M&A. Furthermore, the Group has visibility of additional committed ARR of €5.2 million, including backlogs, contractual price increases and enterprise deals providing solid foundations for the coming year.

Adjusted EBITDA for the period was €0.2 million (FY 21: 0.8 million). Factoring a change in contract assets of -€7.1 million and R&D capitalization of -€8.7 million related to investments made in the SparK platform, FY 22 Cash EBITDA was reported as -€15.6 million in FY 22. This reflects a year of significant investment in the business as headcount grew from 250 to 401 FTEs; looking ahead, this investment will ease as the Group is now at critical mass.

The Group also reported strong operational KPIs for the year. Average annual contract value (ACV) during the period increased by 20% to €17.8k, compared to the prior year period value of €14.8k. Customer churn was 4.5% driving a robust Net Revenue Retention ratio (NRR) of 122.4% over the course of the year, exceeding pre-pandemic levels.

Innovation and investment in R&D

In line with group strategy, MotorK continued to focus on innovation in FY 22. During the period, MotorK launched its new state-of-the-art software platform, SparK, following several new product launches, positioning MotorK as the one-stop shop vendor for the automotive retail industry. The company's commitment to investment in R&D in FY 2022 totaled €14.3 million up 82% YoY, with the R&D team growing from 94 to 121 FTEs.

Boosting growth through M&A

The Group continued delivering on its M&A growth strategy and completed three additional strategic acquisitions in France, Belgium and Germany. Cash outflow related to acquisitions net of cash acquired amounted to €8.5 million over the period, including FranceProNet in France, Carflow in Belgium and WebMobil24 in Germany. Also, during the period, the Group sold the majority holding of its non-core B2C business, DriveK, for a combination of cash and shares.

Financial flexibility

In line with its strategy stated during the IPO, the Group invested in expanding the team to support the growth of the business and further increased its R&D capabilities. As a result the Group burned cash for €15.5 million of Free Cash Flow⁴ Including net investments from M&A, the Group cash and cash equivalents position reached €19.2 million at year end 2022 compared to €43.3 million at FY 2021. The Group benefits today from solid liquidity to keep delivering on its organic and external growth strategy.

OUTLOOK

MotorK is well positioned for further growth in FY 23 and issues the following guidance:

- ARR to be in the range of €39-43 million, notably supported by €5.2 million of committed ARR at year end and accelerating pipelines in both Retail and Enterprise
- Cash EBITDA to be in the range of -€6-8 million, with no major investments expected going forward. The Group further anticipates benefitting from operating leverage in FY 23 and beyond, leading to positive Cash EBITDA by FY 24
- The Group intends to pursue its accretive M&A strategy as it remains a core pillar of the growth plan

⁴ Free Cash Flow is defined as operating free cash flow plus taxes paid and investment in R&D and tangible assets paid

EARNINGS CONFERENCE CALL

On February 23, 2023, MotorK will announce its FY 22 financial results and hold a conference call. Details to register for the call will be made available on MotorK's website (www.investors.motork.io) in advance, and registered participants will have access to a replay of the webcast.

NEXT PUBLICATION: Q1 2023 TRADING UPDATE, 20 APRIL 2023

FY 2022 CONSOLIDATED PROFIT AND LOSS (Reclassified)		
In k€	Dec-22	Dec-21
Revenues	38,547	27,560
Cost for customers media services	(7,028)	(6,654)
Personnel costs	(25,916)	(17,553)
R&D capitalization	8,707	3,490
Other costs	(14,076)	(6,008)
EBITDA Adjusted	234	835
Extraordinary costs	(3,545)	(3,242)
Stock Option Plan costs	(1,543)	(9,714)
EBITDA	(4,854)	(12,121)
Depreciation & Amortization	(8,013)	(4,235)
EBIT	(12,867)	(16,356)
Finance costs	(1,235)	(4,818)
Finance income	231	11
Profit/(Loss) before tax	(13,871)	(21,163)
Corporate income tax	(140)	(2,765)
Profit/(Loss) - Continued Operations	(14,011)	(23,928)
Profit/(Loss) - Discontinued Operations	6,734	403
Profit/(Loss) for the period	(7,277)	(23,525)

FY 2022 CASH FLOW STATEMENT (Reclassified)

In k€	Dec-22	Dec-21
Cash - Beginning of the period	43,257	11,824
EBITDA Adjusted	234	835
Decrease / (increase) in working capital	618	763
Decrease / (increase) in contract assets	(7,154)	(3,376)
Operating free cash-flow	(6,302)	(1,778)
Taxes paid	(150)	(127)
Cash flow from investing activities - tangible assets	(315)	(132)
Cash flow from investing activities - R&D	(8,760)	(3,552)
Free cash-flow	(15,527)	(5,589)
Exceptional items	(1,773)	(2,681)
Free cash-flow from discontinued operations	3,051	774
Cash-flow from investing activities - M&A	(8,467)	(5,350)
Cash-flow from financing activities	(647)	(25,791)
Cash flow from equity movements	(694)	70,065
Others	23	5
Net increase / (decrease) in cash	(24,034)	31,433
Cash - End of the period	19,223	43,257

FY 2022 STATEMENT OF FINANCIAL POSITION (Reclassified)

In k€	Dec-22	Dec-21
Tangible assets	5,000	3,076
Intangible assets	36,757	17,953
Investment in associates companies	3,538	-
Fixed assets	45,295	21,029
Contract assets	20,734	13,580
Net working capital	(2,805)	(3,761)
Net assets available for sale	-	3,278
Deferred tax liabilities	(1,471)	(659)
Employees benefit liabilities	(1,895)	(2,069)
Provisions	(4,538)	(1,406)
Total invested capital	55,320	29,992
Cash and cash equivalents	19,223	43,257
Financial assets	194	106
Financial liabilities	(12,931)	(8,958)
Net cash position	6,486	34,405
Net equity	61,806	64,397

FY 2022 REVENUES BY PRODUCT AND SERVICES LINE

In k€	Dec-22	Dec-21	y.o.y. change
SaaS platform	28,158	16,304	73%
Digital Marketing	7,210	7,674	-6%
Other	3,179	3,582	-11%
Revenues	38,547	27,560	40%

FY 2022 SAAS PLATFORM REVENUES

In k€	Dec-22	Dec-21	y.o.y. change
Recurring	27,084	14,820	83%
Contract start-up	1,074	1,484	-28%
SaaS platform revenues	28,158	16,304	73%
% Recurring on Revenues	70%	54%	16%
% SaaS platform on Revenues	73%	59%	14%

FY 2022 REVENUES BY GEOGRAPHY

In k€	Dec-22	Dec-21	y.o.y. change
Italy	26,014	22,255	17%
Spain	4,428	1,495	196%
France	5,267	1,838	187%
Germany	1,282	1,972	-35%
Benelux	1,556	-	0%
Revenues by geography	38,547	27,560	40%

FY 2022 R&D EXPENSES

In k€	Dec-22	Dec-21	y.o.y. change
R&D expenses	14,293	7,850	82%
- of which capitalised	(8,707)	(3,490)	149%
- of which expensed in the income statement	5,586	4,360	28%
R&D expenses as a percentage of Revenues	37%	28%	9%

Forward-looking information and disclaimer

This press release may include forward-looking statements. Other than reported financial results and historical information, all statements included in this press release, including, without limitation, those regarding our financial position, business strategy and management plans and objectives for future operations, may be deemed to be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “anticipates”, “estimates”, “projects”, “will”, “may”, “would”, “could” or “should”, or words or terms of similar substance or the negative thereof, are forward-looking statements. These forward-looking statements are based on our current expectations, projections and key assumptions about future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond MotorK’s ability to control or estimate precisely, such as future market conditions, the behavior of other market participants and the actions of governmental regulators. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release and are subject to change without notice. Other than as required by applicable law or the applicable rules of any exchange on which our securities may be traded, we expressly disclaim any obligation or undertaking to update or revise publicly any forward-looking statements, whether because of new information, future events or otherwise.

Important information

This press release contains information within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014).

ABOUT MOTOR K PLC

MotorK (AMS: MTRK) is a leading software as a service (“SaaS”) provider for the automotive retail industry in the EMEA region, with over 400 employees and eleven offices in eight countries (Italy, Spain, France, Germany, Portugal, the UK, Belgium and Israel). MotorK empowers car manufacturers and dealers to improve their customer experience through a broad suite of fully integrated digital products and services. MotorK provides its customers with an innovative combination of digital solutions, SaaS cloud products and the largest R&D department in the automotive digital sales and marketing industry in Europe. MotorK is a company registered in England and Wales. Registered office: 5th Floor One New Change, London, England, EC4M 9AF - Company Registration: 9259000. For more information: www.motork.io or www.investors.motork.io.

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