MOTORK REPORTS ROBUST CONTINUED MOMENTUM FOR H1 2023

50% Growth in Annual Recurring Revenues
Strategic Focus on Profitability
M&A Integration Yielding Results

LONDON – **28 July 2023** – MotorK Plc (AMS: MTRK) ("MotorK" or the "Group") announced solid financial results and commercial progress for the six months ended June 30, 2023 ("H1 23").

H1 23 FINANCIAL HIGHLIGHTS

- **Q2 23 Committed ARR ("CRR")** [1] of €34.8 million, including backlog, contractual price increase and Enterprise deals to be delivered
- **Q2 23 ARR** of €30.1 million, compared to €20.1 million in the prior year, up 34% organically, and up 50% including M&A
- **Consistent operational KPIs** with churn of 5.6% and Net Retention Revenue ("NRR")[2] of 114% highlighting the proven land and expand strategy
- **Average annual contract value ("ACV")** [3] reached €18.1k, up 9% against €16.6k in the same period last year, demonstrating continued growth in multi-product adoption within the customer base fueled the commercial success of the SparK platform
- **Large pipeline of opportunities** providing growth visibility for H2 23, totaling €7m of qualified leads in Retail and €6m in Enterprise
- **FY22 Reported Revenues**[4] of €21.9 million, up 30% on the prior year period
- **Reported Recurring Revenues** of €17.6 million, up 63% year on year, fully driving the Company's growth, now representing 80% of total revenues, and demonstrating steady improvement in the revenue mix. **Recurring Billings** represented €14.3 million, up strong 69% year on year
- **R&D spend** of €7.6 million up 67% YoY, reflecting the substantial investments performed during H2 22 to develop innovative solutions and expand the SparK platform capabilities
- **Reported Adjusted EBITDA** of -€1.4 million and Cash EBITDA of -€9.3 million reflect the Company's strategic investments in team expansion throughout FY22 (466 FTEs at H1 23 vs. 250 at the start of FY22) and the ongoing integration of recently acquired companies
- **Net Financial Position** of €9.7million, including €5.5 million of cash and cash equivalents, with ongoing advanced discussions with several financial institutions to secure additional debt financing, anticipated to conclude shortly
- **Results from M&A integration are becoming evident**, with a notable increase in migration pace in Spain, leading to a significant uplift in Annual Contract Value (ACV)

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

Marco Marlia, Co-founder & CEO added: "We are delighted with the strong commercial momentum and increasing adoption of the SparK Platform. Our commitment to achieving cash profitability in FY24 remains steadfast. In FY23, we are actively working towards optimizing our cost structure and streamlining operations, absorbing the investments made in FY22. We are confident that these efforts will position us for sustained growth and profitability in the future"

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[1] Committed ARR ("CRR") refers to signed contracts to be delivered and billed
[2] Net Retention Revenues ("NRR") is defined as the percentage of Recurring Revenues retained from existing customers
[3] Core Retail base, excluding clients from acquired companies (Dapda, FranceProNet, Fidcar, Carflow, WebMobil24, GestionaleAuto) not yet migrated
[4] 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

OPERATIONAL HIGHLIGHTS

Commercial Momentum

The Group is pleased to report robust performance and strategic growth for the first half of 2023. June emerged as a record-breaking month, marked by exceptional new Retail ACV won.

This result can be credited to the successful implementation of the SparK platform, particularly in Spain, where commercial activity surged after an initial slower start. The migration and integration of clients acquired through the Dapda acquisition in late 2021 played a significant role in the substantial increase in newly won ACV. Looking ahead, the second half of 2023 holds a promising pipeline of opportunities, further reinforcing expectations for continued growth in the Spanish market.

In the Benelux region, MotorK has delivered solid overall results in line with expectations. The migration of Carflow customers onto the MotorK platform has commenced, albeit with a slight delay due to prioritizing the integration efforts in Spain. The migration process is now live and progressing well with tangible cross-sell opportunities anticipated for H2 23.

In contrast, the performance in Germany during H1 23 fell short of expectations. Nevertheless, the team has reinforced its capabilities and is now well positioned with a solid qualified pipeline. Additionally, there are promising opportunities arising from the acquired customer base of Webmobil24, leveraging a similar approach employed in Spain. These developments provide a strong foundation to bridge the gap and drive growth in the German market moving forward.

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

The solid performance achieved in H1 23, culminating in record-breaking results in June, should be viewed as the outcome of the concerted efforts put in place since the beginning of the year. With new leadership in Spain and Germany, as well as a restructured sales organization, the Group has effectively created the necessary commercial momentum across the board, signifying a clear inflection point in terms of pipeline creation.

The Enterprise segment has shown solid growth over the year, with ARR reaching €5.8 million in Q2 23, up 100% year on year. This substantial progress now represents 21% of the organic ARR, reflecting the strategic emphasis put on this segment over the past 12 months. Additionally, the Enterprise deals signed but not yet delivered are accounted for in the Committed ARR for €2.4 million, further highlighting the growth reservoir beyond the reported figures.

As of June 2023, the Group maintains a Retail Pipeline of €7 million and €6 million in Enterprise, which, combined with a committed ARR of €4.7 million, provides strong visibility for H2 23.

Strategic Focus on Profitability

MotorK entered FY22 with ambitious growth plans, resulting in a significant increase in the number of new hires and expanded overhead costs. The company made strategic investments in bolstering its workforce, recognizing the value of human capital in driving innovation and growth. Additionally, the acquisition of six companies further enhanced MotorK's market position and capabilities. However, it is important to acknowledge that these initiatives entail costs to activate future synergies, notably from the integration of acquired entities.

While these investments incurred additional short-term costs, they are instrumental in unlocking long-term efficiency and value for the organization. To optimize performance and align the cost structure, MotorK has initiated a comprehensive review to identify and streamline operations, leading to €2.7 million of cost savings anticipated by the end of FY24. This effort includes FTE optimization across the board, rationalization of third-party suppliers, and targeted cost savings within the acquired companies.

While these efforts have impacted short-term profitability, translating into Cash EBITDA of -€9.3 million at H1 23, MotorK remains steadfast in its commitment to achieving cash profitability by FY24. The company is confident that the integration of new hires and acquired companies, coupled with ongoing cost optimization, will yield long-term benefits and contribute to sustained profitability.

Effective M&A Strategy

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

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

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

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

OUTLOOK

Looking ahead, MotorK continues to build positive momentum in FY23, confirming the initial range of €39 million to €43 million in recurring revenues, including up to €2 million of CRR. This anticipated level of CRR is related to signed large Enterprise deals that could encounter some minor delays in their rollout. Emphasizing its strategic shift towards a more Enterprise-focused revenue mix, the Group benefits from a robust pipeline of opportunities at H1 23. Based on this outlook, the Company remains confident in meeting its booking targets, while acknowledging potential delivery process delays.

Regarding Cash EBITDA, the focus has been on optimizing the organizational structure of the business and activating cost synergies in the M&A integration perimeter. These efforts have led to a short-term deviation from the initial projections for H1 23. However, MotorK is confident that these investments to activate future synergies will position the company for long-term efficiency and growth. Taking into account these additional costs together with anticipated operating leverage over H2 23, the guidance is adjusted to a more conservative range of -€13 million to -€10 million for the full year 2023.

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

EARNINGS CONFERENCE CALL

MotorK will hold a conference call in connection with its H1 2023 financial results on July 28, 2023, at 09:00 AM Central European Time (CET). Details to register for the call are available on MotorK’s website (www.investors.motork.io), and registered participants will have access to a replay of the webcast.

NEXT PUBLICATION: Q3 2023 TRADING UPDATE, 19 OCTOBER 2023

H1 2023 CONSOLIDATED PROFIT AND LOSS (Reclassified)		
In k€	**Jun-23**	**Jun-22**
Revenues	**21,900**	**16,911**
Costs for customers media services	(3,634)	(3,418)
Personnel costs	(16,111)	(12,608)
R&D capitalization	4,714	2,710
Other costs	(8,236)	(5,902)
EBITDA Adjusted	**(1,367)**	**(2,307)**
Extraordinary costs	(1,346)	(1,370)
Stock Option Plan costs	(668)	(676)
EBITDA	**(3,381)**	**(4,353)**
Depreciation & Amortization	(3,869)	(2,541)
EBIT	**(7,250)**	**(6,894)**
Finance costs	(500)	(307)
Finance income	13	82
Profit/(Loss) before tax	**(7,737)**	**(7,119)**
Corporate income tax	(62)	(169)
Profit/(Loss) - Continued Operations	**(7,799)**	**(7,288)**
Profit/(Loss) - Discontinued Operations	-	**(265)**
Profit/(Loss) for the period	**(7,799)**	**(7,553)**

H1 2023 CASH FLOW STATEMENT (Reclassified)		
In k€	**Jun-23**	**Jun-22**
Cash - Beginning of the period	**19,223**	**43,257**
EBITDA Adjusted	**(1,367)**	**(2,307)**
Decrease / (increase) in working capital	(625)	1,414
Decrease / (increase) in contract assets	(2,741)	(1,799)
Operating free cash-flow	**(4,733)**	**(2,692)**
Taxes paid	(384)	(38)
Cash flow from investing activities - tangible assets	(86)	(44)
Cash flow from investing activities - R&D	(4,731)	(2,757)
Free cash-flow	**(9,934)**	**(5,531)**
Exceptional items	(613)	(823)
Free cash-flow from discontinued operations		268
Cash-flow from investing activities - M&A	(3,339)	(4,932)
Cash-flow from financing activities	(1,005)	362
Cash flow from equity movements	766	-
Others	367	(264)
Net increase / (decrease) in cash	**(13,758)**	**(10,920)**
Cash - End of the period	**5,465**	**32,337**

H1 2023 STATEMENT OF FINANCIAL POSITION (Reclassified)		
In k€	**Jun-23**	**Dec-22**
Tangible assets	4,386	5,000
Intangible assets	45,155	36,757
Investment in assoicates companies	3,538	3,538
Fixed assets	**53,079**	**45,295**
Contract assets	**23,475**	**20,734**
Net working capital	**(2,126)**	**(2,805)**
Deferred tax liabilities	**(1,362)**	**(1,471)**
Employees benefit liabilities	**(1,973)**	**(1,895)**
Provisions	**(4,999)**	**(4,538)**
Total invested capital	**66,094**	**55,320**
Cash and cash equivalents	5,465	19,223
Financial assets	193	194
Financial liabilites	(15,347)	(12,931)
(Net financial)/net cash position	**(9,689)**	**6,486**
Net equity	**56,405**	**61,806**

H1 2023 REVENUES BY PRODUCT AND SERVICES LINE			
In k€	**Jun-23**	**Jun-22**	**y.o.y. change**
SaaS platform	16,243	11,444	42%
Digital Marketing	3,704	3,639	2%
Other	1,953	1,828	7%
Revenues	**21,900**	**16,911**	**30%**

H1 2023 SAAS PLATFORM REVENUES			
In k€	**Jun-23**	**Jun-22**	**y.o.y. change**
SaaS Recurring revenues	16,125	10,811	49%
Contract start-up	118	633	-81%
SaaS platform revenues	**16,243**	**11,444**	**42%**
% SaaS platform on Revenues	74%	68%	6%

H1 2023 REVENUES BY GEOGRAPHY			
In k€	**Jun-23**	**Jun-22**	**y.o.y. change**
Italy	13,335	12,012	11%
Spain	2,865	2,064	39%
France	2,382	2,419	-2%
Germany	1,974	245	706%
Benelux	1,344	171	686%
Revenues by geography	**21,900**	**16,911**	**30%**

H1 2023 R&D EXPENSES			
In k€	**Jun-23**	**Jun-22**	**y.o.y. change**
R&D expenses	**7,608**	**4,560**	**67%**
- of which capitalised	4,714	2,710	74%
- of which expensed in the income statement	2,894	1,850	56%
R&D expenses as a percentage of Revenues	35%	27%	8%

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).

FOR FURTHER INFORMATION

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