

BUILDING A CONTINUOUS GROWTH RESERVOIR
86% GROWTH IN ANNUAL RECURRING REVENUES
HEALTHY KPIs AND ROBUST PIPELINE
PLANNED SALE OF B2C BUSINESS UNIT
ADJUSTING GUIDANCE TO CURRENT ENVIRONMENT

LONDON – 18 October 2022 – MotorK Plc (AMS: MTRK) (“MotorK” or the “Group”) announces continued recurring growth momentum for the nine months ended September 30, 2022, supported by a robust set of operational KPIs. The Group also announces entering into exclusive negotiations regarding the sale of its B2C business unit DriveK, in accordance with the strategy communicated at the time of the IPO. In light of the current macroeconomic environment, the Group adjusts its financial guidance for the full year 2022 to take into account certain delays in customers’ migration from recent acquisitions and a longer sales cycle for certain Enterprise contracts.

9M 2022 FINANCIAL HIGHLIGHTS

- **Annual recurring revenues (ARR)**¹ of €21.8 million, including €6.8 million from M&A, up 28% organically, compared to €11.7 million in the prior year, and up 86% including M&A
- **SaaS recurring revenues** of €16.2 million, up 41% year-on-year (“YoY”), now representing 65% of total revenues, confirming the 70% recurring mix objective for the year-end
- **Solid organic set of operational KPIs**² with churn remaining at low 3.9% and overall Net Retention Revenue (“NRR”)³ of 118% highlighting strong up-sell and cross-sell potential within the existing customer base
- **Average annual contract value (ACV)**⁴ of €16.6k, up 14% against €14.5k in the same period last year, demonstrating continued growth in multi-product adoption within customers’ base
- **Revenues** of €25.0 million, up 20% on the prior year period
- **Entering into exclusive negotiations for the disposal of DriveK**
- **Solid Enterprise pipeline** fueled by continued constructive dialogue with OEMs, providing growth potential for 2022 and beyond
- **First signs of customers postponing investment decisions to 2023**, while confirming interest for the Spark platform
- **Adjusting guidance for the full year** to factor certain delays in migrating customers from recently acquired companies and potentially longer sale cycle contracts, particularly in the Enterprise segment

Amir Rosentuler, Executive Chairman said: “Although we see the first signs of customers postponing investment decisions to 2023, and therefore needed to adjust the guidance for the full year, we are confident in our ability to continue to deliver sustainable growth. Our strong competitive positioning and unique Spark platform, coupled with our successful M&A strategy and a strong pipeline, enable us to execute our growth strategy.”

¹ Annual Recurring Revenues (“ARR”) is defined as the yearly subscription value of the customer base at the end of the reporting period.

² Annualized set of KPIs

³ Net Retention Revenues (“NRR”) is defined as the percentage of Recurring Revenues retained from existing customers

⁴ Excluding recently acquired companies (Dapda, FranceProNet and Fidcar) currently under migration

OPERATIONAL HIGHLIGHTS

Sound Business Fundamentals

In the first nine months of 2022, MotorK reported continued recurring revenue growth with recurring SaaS revenues up 41% YoY to €16.2 million. SaaS recurring revenues now account for 65% of Group revenues (vs. 55% in 9M 21) underscoring continued improvement in revenue mix and on course to meet the objective for the current year of 70%. As a result, the Group expanded its ARR base, up 28% organically (or 86% including acquisitions) totaling €21.8 million during the period.

The Group's organic progress was also a result of upselling and cross-selling additional services to MotorK's customer base. As a result, during the period average annual contract value (ACV) increased by 14% to €16.6k, compared to the prior year period value of €14.5k. The Group further reports limited churn of 3.9%, translating into a robust 118% NRR.

Revenues for the first nine months ended September 30, 2022 totaled €25.0m, up 20% YoY and -3% organically. This plateau trend on the organic side is largely attributable to a basis effect vs. Q3 21 which included a large Enterprise contract in Germany. Adjusting for it, organic growth on the remaining perimeter stood at 4%, and 24% for SaaS Recurring Revenue.

Digital Marketing revenues remained on the same trend communicated at H1 22, totaling €5.4m at 9M 2022, down 7% YoY. The downwards trend is mostly attributable to reduced demand in advertising campaigns in a context of persisting low inventories level but must be read more generally in light of the Group's strategy to gradually reduce the non-recurring and low-margin part of its revenue base.

As communicated in H1 22, revenues year to date do not account yet for the full contracted growth reservoir of the recently acquired companies and currently in the process of migrating to MotorK's platform which effects will start materializing in Q4 22 and beyond.

Multiple Drivers for Durable Growth

External growth confirms its strategic potential offering a unique opportunity for the Group to cross and up-sell its products to an enlarged customer base. So far, the Group has acquired through M&A more than 2,300 customers, most generally with lower annual spending than the Group's average (€16.6k ACV). As a result, acquired ARR generate a higher average level of NRR than typically more advanced customers. The Group now anticipates to benefit from the full migration potential by year 3 following acquisition, with close to 140% NRR achieved by year-end. On a financial standpoint, return on investment from M&A is close to one year, hence comparable to organic development.

To illustrate further the M&A growth potential, assuming illustratively a full penetration of the Spark platform on the already acquired customer base, would generate in itself up to €40 million additional revenue in the mid-term. The Group is currently monitoring approximately 40 potential M&A opportunities to keep anchoring its European leadership.

In parallel, and in line with its reinforced focus towards OEMs, the Group continues nurturing its Enterprise pipeline. As of September 2022, the Group benefits from the strongest Enterprise pipeline in its history. The implementation of the pan European strategy starts bearing fruit and positions the Group as a unique credible partner for OEMs to handle multi-country roll-up projects.

Although recent, the commercial launch of the Spark platform is gaining significant traction. Spark's ability to cover all customer needs while reducing the associated complexity resonates well with customers and fits into a broader industry trend of relying on fewer, but more robust vendors.

Planned Sale of B2C Business Unit

The Group has entered into exclusive negotiations with GEDI Gruppo Editoriale (“GEDI”) with the view to combine DriveK and AutoXY, their respective consumer automotive portals. As part of the contemplated transaction, MotorK will receive as consideration cash together with a 20% shareholding in the new combined entity. MotorK and GEDI are working together towards a completion of the transaction by year-end 2022.

As communicated during the IPO, the sale of DriveK is consistent with the Group's strategy to focus its activities and financial resources exclusively on the B2B SaaS business. DriveK has been classified as Assets Held for Sale and Discontinued Operations, in accordance with IFRS 5, since December 31, 2020.

The combination of DriveK and AutoXY will create the largest new car marketplace in Europe for consumers to select, compare and configure their next new car. The shared ambition is to become the premier consumer automotive portal for Southern Europe for OEMs and dealers for profiled and qualified prospects. The transaction will unlock substantial synergies potential, leveraging respective long-standing relationships with major OEMs, coupled with marketing savings and sharing of best practices. MotorK will remain a 20% minority shareholder with the view to contributing to the new combined entity and benefiting from expected future value creation. As part of the contemplated agreement, both parties will benefit inter alia from mutual liquidity provisions, usual for this kind of transaction. MotorK was supported by Alvarium as Corporate Finance advisor, with a team led by Associate Partner Federico Lonoce.

OUTLOOK

Adjusting Guidance to Current Environment

Overall, the business environment remains supportive and the Group's platform offering keeps resonating well within the industry, understanding the critical need to be properly digitally equipped to address fast moving trends in mobility.

However, the Group has observed over the past month first signs of customers postponing investment decisions to next year in light of current macroeconomic conditions. This resulted in a softer than expected Q3 22, despite no change in deal & win ratio recorded by the Group over the period. The current environment has generated certain delays in migrating customers from recent M&A and could postpone the execution of certain longer sales cycle contracts, initially planned for Q4 22.

In that context, the Group revises its financial guidance for the full year 2022 as follows:

- Revenues of €42-44 million, on an organic basis, or +52 to 60% growth
- ARR of €25-27 million, on an organic basis, or +66 to 79% growth

As external growth is an integral part of the Group's growth strategy, with a communicated objective of 2-3 bolt-on acquisitions per year, the Group believes it's equally important to provide the following guidance factoring the acquisitions performed this year.

- Pro Forma Revenues of €46-48 million, accounting for FY22 M&A on a 12-months basis
- ARR of €28-30 million, or +85 to 99% growth

In terms of profitability, the revised revenues guidance will impact the initially targeted 20% Adjusted EBITDA margin given the fixed nature of the cost base. The Group now anticipates Adjusted Margin in the low to mid teens. The cash position of the Group remains solid and compatible with a fully-funded growth plan until achieving positive operating cash generation.

EARNINGS CONFERENCE CALL

MotorK will hold a conference call in connection with its 9M 22 financial results on 18 October, 2022 at 17:45 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: FY 2022 TRADING UPDATE

MotorK will post its 2023 financial publication schedule on the company website by year end.

Revenue by product and service line (€'000)	9M '22			9M '21	y.o.y. change Organic	y.o.y. change Total
	Organic	M&A*	Total			
SaaS platform revenue	13 284	3 631	16 915	12 294	8%	38%
Digital Marketing revenue	5 093	332	5 425	5 840	(13%)	(7%)
Other revenue	1 952	651	2 603	2 736	(29%)	(5%)
Total	20 329	4 614	24 943	20 870	(3%)	20%

SaaS platform revenue (€'000)	9M '22			9M '21	y.o.y. change Organic	y.o.y. change Total
	Organic	M&A*	Total			
Recurring revenue	12 630	3 554	16 184	11 457	10%	41%
Contract start-up revenue	654	77	731	837	(22%)	(13%)
SaaS platform revenue	13 284	3 631	16 915	12 294	8%	38%
% Recurring revenue on Total Revenue	62%	77%	65%	55%	13%	18%
% SaaS platform revenue on Total Revenue	65%	79%	68%	59%	11%	15%

Revenue by country (€'000)	9M '22			9M '21	y.o.y. change Organic	y.o.y. change Total
	Organic	M&A*	Total			
Italy	17 213	-	17 213	16 507	4%	4%
Spain	1 270	1 807	3 077	1 036	23%	197%
France	1 499	1 864	3 363	1 418	6%	137%
Germany	347	214	561	1 909	(82%)	(71%)
Benelux	-	729	729	-	0%	0%
Total	20 329	4 614	24 943	20 870	(3%)	20%

*Fidcar, Dapda, FPN, Carflow and Webmobil24

Please note that the financial numbers are not audited.

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 MOTORK PLC

MotorK (AMS: MTRK) is a leading software as a service (“SaaS”) provider for the automotive retail industry in the EMEA region, with over 450 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: 124 City Road, London, EC1V 2NX - Company Registration: 9259000. For more information: www.motork.io or www.investors.motork.io.

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