MOTORK

PRESS RELEASE
Regulated information

BUILT FOR GROWTH AND PROFITABILITY

50% Growth in Recurring Billings in FY 23
Targeting €50 million CARR and Cash EBITDA Positive for FY 24

LONDON – 5 March 2024 – MotorK Plc (AMS: MTRK) ("MotorK" or the "Group") announced solid financial results for the year ended December 31, 2023 ("FY 23"). Maintaining a robust growth trajectory, the Group accelerated the integration of recently acquired companies, positioning for sustained revenues and efficiency synergies in the coming years. In early FY 24, MotorK bolstered its liquidity profile by raising approximately €17 million, providing necessary leeway to cover remaining M&A earn-out commitments and fuel the anticipated path to profitability.

FY 23 FINANCIAL HIGHLIGHTS

- **Annual Recurring Revenue** (ARR[1]): Committed Annual Recurring Revenues (CARR[2]) totaled €38.6 million, including €4.5 million in backlog, contractual price increases, and Enterprise contracts yet to be delivered. The ARR reached €34.1 million, marking a significant 39% increase from the previous year, propelled by steady momentum in the Retail space and a robust acceleration in the Enterprise segment.
- **Retail**: Retail ARR increased by 27% to €26.7 million compared to last year. The Group's proven land and expand strategy resulted in robust Net Revenue Retention (NRR[3]) of 113.1% , factoring in a structurally low churn rate of 5.8%. These achievements positively translated into a continued increase in the average Annual Contract Value (ACV[4]) to €19.5 thousand, up 9.5% from the previous year.
- **Enterprise**: The Enterprise segment witnessed substantial growth achieving an ARR of €7.4 million, more than doubling the FY22 level. The Enterprise segment confirmed its solid potential for expansion showcasing 129.4% NRR. The Enterprise segment now accounts for 22% of the Group's ARR, compared to 14% in FY 22.
- **Reported Revenues**[5]: FY 23 preliminary Reported Revenues totaled €42.9 million, including €34.4 million in Recurring Revenues and €8.5 million in Non-Recurring Revenues. Recurring Revenues now constitute 80% of total revenues, cementing the strategic shift towards a recurring revenue model initiated over the past two years.
- **Recurring Billings**: Adjusting for Change in Contract Assets, Recurring Billings rose to €30.0 million, indicating a substantial 50% increase from the previous year, reflecting sustained demand for the Group's services.
- **Adjusted EBITDA**: The Group's Adjusted EBITDA ended up at -€1.4 million from €0.2 million last year. The slight deterioration in reported profitability is essentially a function of the run rate impact of the growth-oriented investments implemented throughout FY22, together with necessary additional costs to activate future synergies, especially within the recently acquired companies.
- **Net Financial Position**: At the end of FY 23, MotorK recorded a net financial position of €16.2 million. In February 2024, the Group secured €17.3 million of additional capital through a strategic combination of equity and debt, providing the financial flexibility needed for future endeavors.

Amir Rosentuler, Executive Chairman said: "I am very pleased with this year's achievements. Once again, we managed to deliver strong growth across the board. I am particularly proud of the development of our Enterprise segment, highlighting the success of our strategic initiative launched in FY 22. In parallel, we continued to consolidate our organization to further improve efficiency. The team is now built to grow at scale and seize the vast and growing market opportunities in the European automotive retail industry."

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[1] Annual Recurring Revenues ("ARR") is defined as the yearly subscription value of the customer base at the end of the reporting period.
[2] Committed ARR ("CARR") includes ARR together with additional signed and committed contracts yet to be delivered and billed.
[3] Net Retention Revenues ("NRR") is defined as the percentage of Recurring Revenues retained from existing customers.
[4] ACV is defined as the average recurring revenue contract value that is paid by customers between January and December of each year; For clients with ACV > €250 MRR
[5] 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.

FY23 Operational Highlights

Continued Growth Momentum

In FY 23, MotorK Group showcased robust growth, securing a Committed Annual Recurring Revenue (CARR) of €38.6 million—a notable 39% surge in underlying ARR. Recurring Billings increased by a solid impressive 50%, emphasizing the Group's effective transition to a primarily recurring business model. MotorK's wide-ranging portfolio clearly aligns with the dynamic demands of the automotive retail sector, solidifying its position as a preferred provider. The Group's dedication to fostering ongoing innovation in its product lineup is exemplified by the launch of Tech LABS. This strategic initiative underscores MotorK's aspiration to establish itself as a central hub for pioneering research and development in automotive technology within the European landscape, placing a distinct emphasis on advancing Artificial Intelligence, as the Group believes it will be a key element in providing customers with added value in the future.

The Retail segment stands as a cornerstone of MotorK's success, recording a strong 27% growth to reach €26.7 million. This growth reflects both resilience and strategic advancement. The commercial momentum is evident in the organic expansion of the customer base by c. 20%, from 745 to 891 at year-end FY 23. Robust and healthy organic Key Performance Indicators (KPIs), notably a Net Revenue Retention (NRR) of 113.1% and a low churn rate, demonstrate proficiency in both retaining and enhancing relationships with existing clients.

The high single-digit increase in Retail Average Contract Value (ACV), reaching new heights this year, reflects successful land and expand strategy. After the first full year since the launch of SparK, its commercial success is crystalline, with the platform constituting more than 10% of the Retail ARR in FY 23. Importantly, the Retail segment not only relies on current success but holds untapped growth potential, particularly through M&A-acquired customers with ACV below the organic average, presenting opportunities for sustained growth.

In FY 23, the Enterprise segment experienced substantial growth, increasing from €3.5 million ARR to €7.5 million, with an additional €1.2 million in Committed ARR as of December 23. This more than twofold increase underscores the success of strategic initiatives initiated in the latter part of FY 22. The establishment of a dedicated Enterprise team, comprising specialized sales and customer success managers, has been pivotal in this achievement. Prior to FY 22, the Enterprise team primarily adopted a tactical approach; now, it has evolved into a strategic pillar, equipped with the necessary resources to adeptly address burgeoning market opportunities across Europe.

FY 23 saw a substantial increase from 20 to 38 clients within the Enterprise segment, emphasizing its growth potential. The Net Revenue Retention (NRR) of 129%, surpassing the Retail average, speaks to the Enterprise segment's ability not only to acquire but to enhance and sustain relationships with clients. This commercial momentum is further reinforced by a substantial pipeline of opportunities, reaching €13 million as of December 23. This promising pipeline provides robust revenue visibility for the upcoming year, highlighting the Enterprise segment's strategic significance and its role as a key driver of sustained growth.

Driving Profitability through Operating Leverage and M&A Integration Completion

FY 22 marked a year of strategic investment for the Group, involving substantial commitments to both team expansion and infrastructure development. Additionally, the consolidation of five new companies significantly increased the cost base, culminating in 454 Full-Time Equivalents (FTEs) at the end of FY 22, compared to 250 at the start of the fiscal year. These deliberate and growth-oriented investments were vital, strategically positioning the Group to achieve critical mass and facilitating scalable growth to tap into vast business opportunities across Europe.

FY 23 transitioned into a phase of assimilating the growth investments of FY 22. The increase in the cost base in FY 23 was primarily a function of the run-rate impact of FY 22 investments, coupled with necessary additional costs incurred in H1 23 to activate further cost synergies, especially within the recently acquired companies. In essence, FY 23 was a year of consolidation, involving systematic streamlining of operations and the elimination of redundancies where necessary.

Notably, the Group now believes that no major investments are required to grow at scale. This is underscored by the relative stability in the number of FTEs in FY 23 compared to FY 22. Adjusted EBITDA ended at -€1.4 million or -€14.9 million on a cash basis, adjusting for Change in Contract Assets and R&D capitalization.

Looking ahead to FY 24, the Group aims to benefit from full operating leverage. The strategy involves maintaining the cost base, primarily consisting of fixed costs, relatively stable while anticipating continued strong growth momentum. This strategic approach positions the Group for enhanced profitability and efficient utilization of resources to capitalize on the expansive opportunities in the European automotive retail industry.

Reinforced Financial Position

Closing FY 23 with a Net Financial Position of €16.2 million, the Group initiated FY 24 with a strategic capital raise of €17.3 million. This proactive measure is dedicated to covering anticipated M&A earn-out payments over the next 18 to 24 months. Moreover, the newly acquired capital provides added operational flexibility, smoothing the path to profitability forecasted for FY 24.

On February 6, 2024, the Group successfully executed a reserved capital increase of €12.3 million, a move that included key participants such as 83North, Lucerne Capital Management, PROCAR Automobile, and the noteworthy addition of Anfield Ltd as a new cornerstone investor. This capital injection also involves a new €5 million loan tranche from Atempo Growth, building on the initial €5 million loan facility agreement secured in October FY 23.

This strategic step underscores the collective confidence of both existing and new investors in MotorK's potential, solidifying their collaborative commitment to the Group's sustained growth and ongoing success.

FY 24 Outlook

MotorK commences FY 24 with sustained growth momentum, projecting Committed Annual Recurring Revenues (CARR) to reach €50 million. The guidance is supported by substantial visibility, including a strong commercial pipeline totaling €14.6 million, segmented into €8.2 million in Retail and €6.4 million in Enterprise. These opportunities highlight significant growth potential across all business segments, backed by a historical win/loss ratio of approximately 45%.

In parallel with the CARR target, MotorK anticipates achieving Cash EBITDA positivity on a full year basis. This milestone is a testament to the strategic approach, leveraging full operating potential without the need for major investments to sustain scalable growth. The completion of the integration of M&A companies will further contribute to synergies, fortifying MotorK's position for a year of substantial anticipated advancement in both growth and profitability.

Next Publications: FY 23 Audited Annual Report, 16 April 2024 and Q1 24 Trading Update, 24 April 2024

FY 2023 CONSOLIDATED PROFIT AND LOSS		
In k€	**Dec-23**	**Dec-22**
Revenues	**42,940**	**38,547**
Costs for customers media services	(7,515)	(7,028)
Personnel costs	(30,659)	(25,916)
R&D capitalization	9,342	8,707
Other costs	(15,547)	(14,076)
EBITDA Adjusted	**(1,439)**	**234**
Extraordinary costs	(3,140)	(3,545)
Stock Option Plan costs	(1,202)	(1,543)
EBITDA	**(5,781)**	**(4,854)**
Depreciation & Amortization	(8,741)	(8,013)
EBIT	**(14,522)**	**(12,867)**
Finance costs (net of finance income)	(1,040)	(1,004)
Profit/(Loss) before tax	**(15,562)**	**(13,871)**
Corporate income tax	2,315	(140)
Profit/(Loss) - Continued Operations	**(13,247)**	**(14,011)**
Profit/(Loss) - Discontinued Operations	**-**	**6,734**
Profit/(Loss) for the period	**(13,247)**	**(7,277)**

FY 2023 CASH EBITDA		
In k€	**Dec-23**	**Dec-22**
EBITDA Adjusted	**(1,439)**	**234**
Decrease / (increase) in contract assets	(4,114)	(7,154)
R&D Capitalization	(9,342)	(8,707)
Cash EBITDA	**(14,895)**	**(15,627)**

FY 2023 CASH FLOW STATEMENT		
In k€	**Dec-23**	**Dec-22**
Cash - Beginning of the period	**19,223**	**43,257**
EBITDA Adjusted	**(1,439)**	**234**
Decrease / (increase) in working capital	1,077	618
Decrease / (increase) in contract assets	(4,114)	(7,154)
Operating free cash-flow	**(4,476)**	**(6,302)**
Taxes paid	(712)	(150)
Cash flow from investing activities - tangible assets	(92)	(315)
Cash flow from investing activities - R&D	(9,358)	(8,760)
Free cash-flow	**(14,638)**	**(15,527)**
Exceptional items	(1,127)	(1,773)
Free cash-flow from discontinued operations	-	3,051
Cash-flow from investing activities - M&A	(3,881)	(8,467)
Cash-flow from financing activities	3,013	(647)
Cash flow from equity movements	847	(694)
Others	72	23
Net increase / (decrease) in cash	**(15,714)**	**(24,034)**
Cash - End of the period	**3,509**	**19,223**

FY 2023 STATEMENT OF FINANCIAL POSITION		
In k€	**Dec-23**	**Dec-22**
Tangible assets	4,557	5,000
Intangible assets	46,477	36,757
Investment in associates companies	3,538	3,538
Fixed assets	**54,572**	**45,295**
Contract assets	**24,848**	**20,734**
Net working capital	**(2,248)**	**(2,805)**
Deferred tax liabilities	**(1,791)**	**(1,471)**
Employees benefit liabilities	**(2,309)**	**(1,895)**
Provisions	**(5,253)**	**(4,538)**
Total invested capital	**67,819**	**55,320**
Cash and cash equivalents	3,509	19,223
Financial assets	234	194
Financial liabilites	(19,933)	(12,931)
(Net financial)/net cash position	**(16,190)**	**6,486**
Net equity	**51,629**	**61,806**

FY 2023 REVENUES BY PRODUCT AND SERVICES LINE			
In k€	**Dec-23**	**Dec-22**	**y.o.y. change**
SaaS platform	32,493	28,158	15%
Digital Marketing	7,547	7,210	5%
Other	2,900	3,179	(9%)
Revenues	**42,940**	**38,547**	**11%**

FY 2023 SAAS PLATFORM REVENUES			
In k€	**Dec-23**	**Dec-22**	**y.o.y. change**
Recurring	32,350	27,084	19%
Contract start-up	143	1,074	(87%)
SaaS platform revenues	**32,493**	**28,158**	**15%**
% Recurring on Revenues	75%	70%	5%
% SaaS platform on Revenues	76%	73%	3%

FY 2023 REVENUES BY GEOGRAPHY			
In k€	**Dec-23**	**Dec-22**	**y.o.y. change**
Italy	27,188	26,014	5%
Spain	4,313	4,428	(3%)
France	5,859	5,267	11%
Germany	3,078	1,282	140%
Benelux	2,502	1,556	61%
Revenues by geography	**42,940**	**38,547**	**11%**

FY 2023 R&D EXPENSES			
In k€	**Dec-23**	**Dec-22**	**y.o.y. change**
R&D expenses	**14,513**	**14,293**	**2%**
- of which capitalised	9,342	8,707	7%
- of which expensed in the income statement	5,171	5,586	(7%)
R&D expenses as a percentage of Revenues	34%	37%	(3%)

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, Belgium, the UK 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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