

29 July 2024

Quartix Technologies plc
("Quartix", "the Group" or "the Company")
Interim Results

Quartix Technologies plc (AIM:QTX), a leading supplier of subscription-based vehicle tracking systems, analytical software and services, is pleased to announce its unaudited results for the half year ended 30 June 2024.

Financial highlights:

- Group revenue increased by 10% to £16.1m (2023: £14.6m)
 - Fleet revenue increased by 10% to £16.0m (2023: £14.5m)
 - Fleet revenue represented 99.3% of total revenue (2022: 98.9%)
- Adjusted EBITDA¹ remained constant at £2.7m (2023: £2.7m)
- Operating profit increased by 13% to £2.7m (2023: £2.4m)
- Profit before tax increased by 13% to £2.7m (2023: £2.4m)
- Diluted earnings per share of 4.49p (2023: 4.16p)
- Free cash flow² decreased by 21% to £1.1m (2023: £1.4m)
- Interim dividend of 1.50p per share proposed (2023: 1.50p)

¹ Earnings before interest, tax, depreciation, amortization and share based payment expense (see note 4)

² Cash flow from operations after tax and investing activities

Principal activities and performance measures

The Group's main strategic objective is to grow its subscription base profitably and develop the associated annualised recurring revenue.

Annualised recurring revenue has increased by 11% year on year (see definition in KPI table below). Annualised recurring revenue is a forward-looking key performance measure, and it is pleasing that it grew by £3.04m on a constant exchange rate to £30.94m at 30 June 2024, compared to 30 June 2023.

The Key Performance Indicators used by the Board to assess the performance of the business are listed below and discussed in the Chairman's Statement.

Key Performance Indicators ("KPIs")

Period ended 30 June	2024	2023	% change
Fleet subscriptions ¹ (new units)	37,863	33,547	13
Fleet subscription base ² (units)	282,922	251,787	12
Fleet customer base ³	28,586	26,337	8
Fleet gross attrition (annualised) ⁴ (%)	14.0	13.5	

Annualised recurring revenue ⁵ (£'000)	30,940	27,972	11
Fleet invoiced recurring revenue ⁶ (£'000)	15,080	13,788	9
Fleet revenue (£'000)	16,052	14,456	11
Change in ASP ⁷ (%)	(1.3)	(4.6)	

¹ New vehicle tracking units subscriptions added to the subscription base in 6 months to 30 June before any attrition

² The number of vehicle tracking units subscribed to the Group's fleet tracking services, including units waiting to be installed for which subscription payments have started or are committed

³ The number of customers associated with the fleet subscription base

⁴ The number of new vehicle tracking unit subscriptions, less the increase in the subscription base, expressed as a percentage of the mean subscription base between 30 June 2023 and 30 June 2024

⁵ Annualised data services revenue for the subscription base at 30 June, before deferred revenue, including revenue for units waiting to be installed for which subscription payments have already started or are committed, with comparative June 2023 measured at a constant exchange rate.

⁶ Invoiced subscription charges before provision for deferred revenue

⁷ The change in average subscription price of the base expressed as a percentage of the average subscription price at 30 June, with comparative June 2023 measured at a constant exchange rate.

Overheads on the face of the Consolidated Statement of Comprehensive Income have been split between Sales & Marketing expenses and Administration expenses, with Sales & Marketing expenses including the costs of customer acquisition being the investment in marketing expenditure and payroll costs for the sales teams.

Andrew Walters, Executive Chairman of Quartix, commented:

"The Company made very substantial progress in the first half of the year: new subscriptions increased by 13% compared to 2023 and this led to record growth in annualised recurring revenues ("ARR"), which increased by 11% to £30.9m over the past year. Two thirds of this increase in ARR was achieved since January 1st.

Remaining operating and liquidation costs associated with the Konetik acquisition were all taken in the first half and other administrative and operating costs have been controlled well during the period. The issues faced by the Company in 2023 have now been put behind it, enabling it to refocus strongly on its core business and to structure for further growth.

The Board is confident in the outlook for the remainder of the year and now believes that both revenue and profit will moderately exceed market expectations. The Company looks forward to 2025 and the future with confidence."*

** Note: the Company believes that, prior to this announcement, market expectations for 2024 performance in terms of revenue, adjusted EBITDA and unadjusted free cashflow were £32.1m, £5.4m and £1.5m respectively.*

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The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

Interim Financial Results Report

The Group's Interim Financial Statements for the 6 months ended 30 June 2024 are available in the "Investors"

The Group's interim financial statements for the 6 months ended 30 June 2024 are available in the Investors section of our website at: www.quartix.com/en-gb/company/investors

About Quartix

Founded in 2001, Quartix is a leading supplier of subscription-based vehicle tracking systems, software and services. The Group provides an integrated tracking and telematics data analysis solution for fleets of commercial vehicles and motor insurance providers which improves productivity and safety and which lowers costs by capturing, analysing and reporting vehicle and driver data.

Quartix is based in the UK and is listed on the AIM market of the London Stock Exchange (AIM:QTX).

Chairman's Statement

Summary

Renewed focus on the Company's core business drives strong growth in recurring revenues and operating profit.

The Company's Annualised Recurring Revenue ("ARR") increased by £3.04m (+11%) in the 12 months from 1 July 2023 to 30 June 2024. Two thirds of this increase (£2.04m) was achieved during the Period. ARR is the key forward-looking measure of growth and financial performance for the Company.

Operating profit and profit before tax for the Period increased by 13% to £2.7m (2023: £2.4m) despite the Company incurring significant operating costs associated with the liquidation of Konetik Deutschland GmbH ("Konetik") - as noted later in this section. Without the operating costs of Konetik pre-tax profit would have been 30% ahead of last year.

Company revenue grew by 10% to £16.1m and the subscription base and new subscriptions increased by 12% and 13% respectively.

Pricing, revenue retention and attrition.

Average revenue per unit subscription (average pricing) increased by 1% during the Period, as inflationary price adjustment across the base offset the effects of price erosion in some areas. The principal inflationary pressure faced by the Company is that of wage growth in the service sector and it will therefore review whether an index reflecting this factor would be a more appropriate benchmark for future adjustments (particularly as the cost benefits delivered by our systems for customers are also linked to this).

Net revenue retention* was 98.9% in the 6-month period to 30 June 2024 (2023: 96.5%). This result for 2024 would be 99.4% excluding the effects of the fixed-term UK contract mentioned below.

Although attrition across the Company rose to 14% the rise was attributable mainly to two factors: the termination of a very large UK contract, installed in 2022, which had a fixed term of 2 years and which was not expected to renew; and organisational issues in the USA which are discussed below. The Board is not aware of any other large fixed-term contracts in the base and is addressing the issues in the USA.

*Note - Net revenue retention is calculated by dividing the ARR of the remaining customer base at the end of a period by the ARR value of that base at the start of the period. It excludes the effects of new customer acquisition during the period but includes the effects of upgrades and additions to existing fleets and price changes.

Market performance

The key metrics shown below include growth expressed as a percentage since 1 July 2023, with the exception of the figures given for new subscriptions and new customers, for which the growth shown is for the Period compared to the same period in 2023.

Country	ARR (£m)	%	Subscription Base (units)	%	Customer Base	%	New Subscriptions (units)	%	New Customers	%
UK/EI	17.27	+6%	151,477	+7%	11,457	+0%	15,786	+17%	792	+6%

France	8.01	+20%	74,740	+22%	8,708	+14%	11,842	+0%	1,246	+4%
USA	3.14	-2%	28,843	-5%	3,752	-6%	3,144	-17%	352	-29%
Italy	1.14	+62%	12,240	+56%	1,925	+47%	3,181	+56%	482	+88%
Spain	0.79	+41%	9,650	+46%	1,825	+37%	2,217	+30%	422	+28%
Germany	0.56	+61%	5,468	+50%	828	+40%	1,603	+98%	221	+73%
Other	0.05		574		91		90		3	
Total	30.94	+11%	282,992	+12%	28,586	+9%	37,863	+13%	3,518	+11%

UK

The UK was the principal beneficiary of renewed focus on the Company's core business following the termination of the Evolve product line, and this led to 17% growth in new subscriptions and a 7% increase in the subscription base on a trailing-12-months' ("TTM") basis. Notable successes were achieved in medium-sized fleets where the Company's reputation for strong customer service played a significant role. A return to growth in the customer base, albeit at a modest level, was delivered in the period and strong emphasis on increasing growth in customer acquisition rates is beginning to show positive results.

France

The subscription and customer bases grew by 22% and 14% respectively on a TTM basis. Customer acquisition rates increased by 4% compared with the prior period. New subscriptions were, however, flat on the same period last year but 14% ahead of the second half of 2023, and good progress is now being made through all channels.

ARR in France increased by 20% in the 12 months to 30 June 2024.

USA

Performance in the USA has continued to be adversely affected by organisational and marketing changes made during 2022 and 2023. As a consequence, progress in ARR reduced growth from +\$0.5m in 2021 to a deficit of -\$0.2m in 2023. Recruitment is progressing to support the US business, return the subscription and customer bases to growth and to return attrition rates to former levels. Enquiry levels are very encouraging and customer acquisition rates are improving.

Italy, Spain and Germany

Strong growth was recorded on all key performance measures in each of these countries. The combined ARR of these three territories grew by 54% to £2.49m. New customer acquisition rates in Italy were particularly strong, as was growth in new installations in Germany. All three countries offer substantial opportunities for business development and further investment is planned for the second half of 2024 and into 2025.

Product development, systems and overheads

4G upgrades in Europe

The cost of upgrading our subscription base in France was provided for in the Company's accounts for 2023. £0.4m of the original provision (£3.8m) was used in the Period and a further 41,000 units remain to be completed.

Our principal UK provider of mobile data services is currently reviewing the size and usage of its 2G customer network before considering the transition to 4G. We believe that the UK 2G network is fundamentally different to that in France in that it has been extensively used for a broad range of fixed and mobile data services, particularly smart meters. Since the beginning of 2023 Quartix has only used SIM cards in its systems which have the capability of using any available 2G network in the UK, as it is expected that 2G capacity will be necessary for both smart meters and other remote monitoring applications for at least the next five years.

Telematics developments

Quartix introduced a dashboard camera option in March which provides both forward and driver-facing camera options. It is fully integrated with Quartix's telematics system and tracking application and has gained good traction with a number of medium-sized fleets in the UK.

Development of the next generation of telematics system is progressing well, with significant enhancements to satellite positioning capabilities and reduction in manufacturing cost. A further update on this will be provided in the autumn.

Software and mobile applications

The Company's next generation of browser-based user application will be launched to all users within the next month for the main tracking functions. Development will continue over the next 18 months in migrating the whole application to this new user interface.

A similar fundamental upgrade to the technology used in the Company's mobile applications will commence by the end of the year. The project is in the architectural design phase currently.

Systems and overhead effectiveness

Over the past 5 years the Company has integrated new accounting, CRM, business and marketing systems with its core SQL databases. The hosting of these databases has, in turn, been transitioned to managed services in the Cloud (notably with Microsoft Azure). Whilst these system changes offer operational and maintenance advantages, the costs have been higher than originally expected and steps will now be taken to ensure that we optimise our use of them.

We continue to adapt our organisational structure to focus on growth in our core telematics business and have made some overhead cost reductions during the Period, particularly in administrative functions.

Konetik

Quartix acquired Konetik in September 2023 for a consideration of up to €3.9m. Konetik was a company specialising in consultancy services for fleets making the transition to electric vehicles. It had substantial operating costs but insignificant revenues and the growth anticipated at the time of acquisition was not delivered in the initial period post-acquisition. As noted in March, and having exhausted all other options including returning the business to its former owners at nil cost, the Board decided to liquidate Konetik and its Hungarian branch subsidiary.

The liquidation is well underway, with all employment agreements, save for that for the administrative managing director, terminated and settled. Termination notices to Konetik's two external customers were given in February and its limited trading activities have ceased.

Operating costs of £0.28m for Konetik were recorded in the Period, and a further provision of £0.15m has been included in the Interim results for final costs. A further payment of approximately £0.2m will be due in September under the terms of the acquisition agreement.

Financial Performance

Group revenue for the period increased by 10% to £16.1m (2023: £14.6m); the Company's core fleet business represents more than 99% of revenues, 94% of this revenue derives from recurring subscriptions. Operating profit and profit before tax for the period increased by 13% to £2.7m (2023: £2.4m). Adjusted EBITDA remained constant at £2.7m. The Company incurred approximately £0.6m of operating costs associated with the liquidation of Konetik and other items which are not expected to recur in the second half of the year. Cash flow from operations after tax and investing activities or free cash flow, fell to £1.1m.

Net cash decreased to £2.7m at 30 June 2024 (June 2023: £3.2m; 31 Dec 2023: £2.4m), following the acquisition, operating and liquidation costs of Konetik.

Basic earnings per share were 4.49p (2023: 4.21p). On a diluted basis earnings per share were 4.37p (2023: 4.16p).

Dividend Policy and Recommended Interim Dividend

Subject to satisfactory performance and market conditions, the Board will consider a final dividend for the year with the aggregate of the interim and final dividend set at approximately 50% of cash flow from operating activities less the cost of the 4G upgrade in France, this will be calculated after taxation paid but before capital expenditure. The Board will also consider distributing the excess of cash balances over £2m by way of supplementary dividends. The surplus cash would be calculated by taking the year end cash balance and deducting the proposed regular dividend. The policy will be subject to review. The Board has recommended an interim dividend of 1.50p (2023: 1.50p) per share, £0.7m in aggregate. The amount is in line with the Group's stated policy on ordinary dividend payment. This was approved by the Board on 26 July 2024. The interim dividend will be paid on 30 September 2024 to shareholders on the register on 30 August 2024. The ex-dividend date is therefore 29 August 2024.

Governance and the Board

The Board is comprised of two Non-Executive Directors: Alison Seekings and Ian Spence and myself as Executive Chairman. The appropriate executive management structure of the Board for the future of the Company is currently under review.

For further details regarding Corporate governance, please see the Company's investor website (search: "Quartix investors").

Outlook

The Company has made very substantial progress in the first half of the year, and the outlook for the remainder of the year is positive. Remaining costs associated with the Konetik acquisition have been incurred or provided for in these accounts and costs have been controlled well during the period. The issues faced by the Company in 2023 have now been put behind it, enabling it to structure for further growth. The Company will make targeted investments for growth in each of its 6 geographic markets. This is expected to underpin further significant financial progress in 2025 and beyond.

The Board is confident in the outlook for the remainder of the year and now believes that both revenue and profit will moderately exceed market expectations*. The Company looks forward to 2025 and the future with confidence.

** Note: the Company believes that, prior to this announcement, market expectations for 2024 performance in terms of revenue, adjusted EBITDA and unadjusted free cashflow were £32.1m, £5.4m and £1.5m respectively.*

Andrew Walters

Executive Chairman

Consolidated Statement of Comprehensive Income

		30 June 2024 Unaudited £'000	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
	Notes			
Revenue	2	16,105	14,623	29,882
Cost of sales		(4,959)	(4,477)	(12,904)
Gross profit		11,146	10,146	16,978
Sales & Marketing expenses		(3,367)	(3,182)	(6,366)
Administrative expenses		(5,065)	(4,549)	(9,285)
Impairment		-	-	(2,695)
Fair value gain		-	-	312
Operating profit / (loss)		2,714	2,415	(1,056)

Finance income receivable	1	9	10
Finance costs payable	(19)	(15)	(31)
Profit / (loss) for the period before taxation	2,696	2,409	(1,077)
Tax (expense) / credit	(521)	(373)	169
Profit / (loss) for the period	2,175	2,036	(908)
Other Comprehensive income: Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations	104	3	43
Other comprehensive income for the year, net of tax	104	3	43
Total comprehensive income attributable to the equity shareholders of Quartix Technologies plc	2,279	2,039	(865)
Adjusted EBITDA	3	2,732	2,689
			5,397
Earnings per ordinary share (pence)	4		
Basic		4.49	4.21
Diluted		(1.88)	(1.88)
		4.37	4.16

Consolidated Statement of Financial Position

Company registration number: 06395159

		30 June 2024 Unaudited £'000	Restated 30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
Assets	Notes			
Non-current assets				
Goodwill		14,029	14,029	14,029
Property, plant and equipment		599	786	684
Deferred tax assets		1,146	236	1,144
Contract cost assets		1,099	927	894
Total non-current assets		16,873	15,978	16,751
Current assets				
Inventories		1,802	1,585	1,411
Contract cost assets		4,784	4,259	4,550
Trade and other receivables		4,282	3,730	4,186
Cash and cash equivalents		2,671	3,249	2,380
Total current assets		13,539	12,823	12,527
Total assets		30,412	28,801	29,278
Current liabilities				
Trade and other payables		4,383	3,509	3,955
Provisions		2,042	147	2,775
Contract liabilities		3,688	3,870	3,679
Current tax liabilities		354	629	557
		10,467	8,155	10,966
Non-current liabilities				
Lease liabilities		446	589	520
Non-current provisions		1,679	-	1,443
		2,125	589	1,963
Total liabilities		12,592	8,744	12,929
Net assets		17,820	20,057	16,349

		17,820	20,057	16,349
Equity				
Called up share capital	6	484	484	484
Share premium account	6	6,332	6,332	6,332
Equity reserve		310	470	392
Capital redemption reserve		4,663	4,663	4,663
Translation reserve		(191)	(335)	(295)
Retained earnings		6,222	8,443	4,773
Total equity attributable to equity shareholders of Quartix Technologies plc		17,820	20,057	16,349

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium account £,000	Capital redemption reserve £'000	Equity reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Restated balance at 31 December 2022	484	6,332	4,663	342	(338)	9,428	20,911
Increase in equity reserve in relation to options issued	-	-	-	156	-	-	156
Adjustment for exercised options	-	-	-	(28)	-	28	-
Dividends paid	-	-	-	-	-	(3,049)	(3,049)
Transactions with owners	-	-	-	128	-	(3,021)	(2,893)
Foreign currency translation differences	-	-	-	-	3	-	3
Profit for the period	-	-	-	-	-	2,036	2,036
Total comprehensive income	-	-	-	-	3	2,036	2,039
Restated balance at 30 June 2023	484	6,332	4,663	470	(335)	8,443	20,057
Shares issued	-	-	-	-	-	-	-
Increase in equity reserve in relation to options issued	-	-	-	(78)	-	-	(78)
Dividend paid	-	-	-	-	-	(726)	(726)
Transactions with owners	-	-	-	(78)	-	(726)	(804)
Foreign currency translation differences	-	-	-	-	40	-	40
Loss for the period	-	-	-	-	-	(2,944)	(2,944)
Total comprehensive income	-	-	-	-	40	(2,944)	(2,904)
Balance at 31 December 2023	484	6,332	4,663	392	(295)	4,773	16,349
Adjustment for forfeited options	-	-	-	(82)	-	-	(82)
Dividend paid	-	-	-	-	-	(726)	(726)
Transactions with owners	-	-	-	(82)	-	(726)	(808)
Foreign currency translation differences	-	-	-	-	104	-	104
Profit for the period	-	-	-	-	-	2,175	2,175
Total comprehensive income	-	-	-	-	104	2,175	2,279
Balance at 30 June 2024	484	6,332	4,663	310	(191)	6,222	17,820

Consolidated Statement of Cash Flows

		30 June 2024 Unaudited £'000	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
	Notes			
Cash generated from operations	5	1,837	2,090	4,465
Taxes paid		(723)	(711)	(1,181)
Cash flow from operating activities		1,114	1,379	3,284
Investing activities				
Additions to property, plant and equipment		(21)	(5)	(17)
Interest received		1	8	10
Acquisition of subsidiary, net of cash acquired		-	-	(1,986)
Cash flow from investing activities		(20)	3	(1,993)
Cash flow from operating activities after investing activities (free cash flow)		1,094	1,382	1,291
Financing activities				
Repayment of lease liabilities		(84)	(82)	(172)
Interest paid		(5)	-	-
Dividend paid		(726)	(3,049)	(3,775)
Cash flow from financing activities		(815)	(3,131)	(3,947)
Net changes in cash and cash equivalents		279	(1,749)	(2,656)
Cash and cash equivalents, beginning of period		2,380	5,062	5,063
Exchange differences on cash & cash equivalents		12	(64)	(27)
Cash and cash equivalents, end of period		2,671	3,249	2,380

Notes to the Financial Statements (unaudited)

1 Significant accounting policies

Basis of preparation

The financial information has been prepared in accordance with recognition and measurement principles of International accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS (UK)") and in accordance with those parts of the Companies Act 2006 that are relevant to companies which report under IFRS (UK). The accounting policies adopted are consistent with those of the financial statements for the year ended 31 December 2023, as described in those financial statements. In preparing these interim financial statements, the Board has not sought to adopt IAS 34 "Interim financial reporting".

The figures for the six-month periods ended 30 June 2024 and 30 June 2023 have not been audited. The comparatives for 30 June 2023 have been restated for the amendment for IAS12: Income Taxes which required a deferred tax asset and liability to be recognised for IFRS 16 leases, as reflected in the consolidated financial statements of Quartix Technologies plc for the year ended 31 December 2023.

The figures for the year ended 31 December 2023 have been extracted from, but do not constitute, the consolidated financial statements of Quartix Technologies plc for that year. The original financial statements for the year ended 31 December 2023 have been delivered to the Registrar of Companies and included an Auditors' Report, which was unqualified and did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006.

Going concern

Global events continue to contribute to adverse economic pressures and economic uncertainties. The Company is taking appropriate action to monitor, address and mitigate the uncertainties and increased risks facing the Company as a result and have taken these additional uncertainties into account in assessing the going concern position.

The Board takes all reasonable steps to review and consider any factors that may affect the ability of the Group to continue as a going concern. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to generate sufficient liquidity. The Group enjoys a strong income stream from its subscription base while current liabilities include a substantial provision for deferred revenue which is a non-cash item.

After assessing the forecasts and liquidity of the business, for the next 18 months and the longer-term strategic plans, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing consolidated financial statements.

Contract Cost Assets

The Group incurs costs to fulfil its customer contracts, which include commission costs, equipment costs, installation costs and carriage costs amongst other costs. Costs to fulfil a customer contract are divided into:

- costs that give rise to an asset; and
- costs that are expensed as incurred.

When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalisation of a particular costs, then an asset is not recognised under IFRS 15.

If other standards are not applicable to costs to fulfil a customer contract, the Group applies the following criteria which, if met, result in capitalisation of costs that:

- directly relate to a contract;
- generate or enhance resources that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- are expected to be recovered

The Group has determined that, where the relevant criteria are met, that the commission costs, equipment costs, installation costs and carriage costs are likely to qualify to be capitalised as costs to fulfil a customer contract.

The Contract Cost Assets are amortised over the expected contract period on a systematic basis that reflects the revenue stream generated by them, and this cost is included in cost of sales. The expected contract term has been calculated as an average of the population of new orders in the year, and this calculation will be reviewed annually.

At each reporting date, the Group determines whether or not the Contract Cost Assets are

impaired by comparing the carrying amount of the asset with the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

2 Revenue

Revenues from external customers in the Group's major markets have been identified based on the customer's geographical location and are disclosed below.

	30 June 2024 Unaudited £'000	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
Geographical analysis by destination			
United Kingdom	9,497	9,136	17,997
France	3,891	3,269	6,882
Other European territories	1,092	527	1,674
United States of America	1,625	1,691	3,329
	16,105	14,623	29,882

3 Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)

	30 June 2024 Unaudited £'000	30 June 2023 Unaudited £'000	31 December 2023 Audited £'000
Operating profit/(loss)	2,714	2,415	(1,056)
Depreciation on property, plant and equipment, owned	24	41	76
Depreciation on property, plant and equipment, right of use	76	77	157
EBITDA	2,814	2,533	(823)
Share-based payment expense (incl. cash settled)	(82)	156	78
Impairment of intangible asset: goodwill	-	-	2,464
Impairment of intangible asset: software	-	-	231
Fair value gain on re-estimate of future earn-out payments	-	-	(312)
Provision for replacement of 2G units in France	-	-	3,759
Adjusted EBITDA	2,732	2,689	5,397

4 Earnings per share

The calculation of the basic earnings per share is based on the profits attributable to the shareholders of Quartix Technologies plc divided by the weighted average number of shares in issue during the period. The earnings per share calculation relates to continuing operations of the Group.

	Profits attributable to shareholders £'000	Weighted average number of shares	Basic profit per share amount in pence	Fully diluted weighted average number of shares	Diluted profit per share amount in pence
Earnings per ordinary share					
Period ended 30 June 2024	2,175	48,382,178	4.49	49,726,850	4.37
Period ended 30 June 2023	2,036	48,382,178	4.21	49,025,795	4.16
Year ended 31 December 2023	(908)	48,392,178	(1.88)	49,088,054	(1.88)
Adjusted earnings per ordinary share					
Year ended 31 December 2023	4,294	48,392,178	8.87	49,088,054	8.75

For diluted earnings per share, the weighted average number of ordinary shares is adjusted to assume the conversion of all dilutive potential ordinary shares. Dilutive potential ordinary shares are those share options where the exercise price is less than the average market price of the

are those share options where the exercise price is less than the average market price of the Company's ordinary shares during the period.

To illustrate the underlying earnings for the year, the table above includes adjusted earnings per ordinary share, which for 31 December 2023 excludes the £3.8m re-estimate of the France 2G replacement unit provision recognised in the year with its associated tax impact and the impairment on the goodwill and other intangibles recognised on acquisition on Konetik of £2.7m offset by the fair value gain on the re-estimate of the future earn-out payments due under the share purchase agreement for the purchase of Konetik.

5 Note to the cash flow statement

Cash flow adjustments and changes in working capital:

	30 June 2024	30 June 2023	31 December 2023
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
Profit / (loss) before tax	2,696	2,409	(1,077)
Foreign exchange	73	78	25
Depreciation	100	118	233
Interest income	(1)	(8)	(10)
Lease interest expense	19	15	31
Share based payment expense	(82)	156	78
Impairment	-	-	2,695
Operating cash flow before movement in working capital	2,805	2,768	1,975
(Increase)/ decrease in trade and other receivables	(124)	(268)	(599)
(Increase)/ decrease in contract cost assets	(439)	(899)	(1,157)
(Increase) / decrease in inventories	(391)	405	579
(Decrease) / increase in trade and other payables	(22)	(312)	3,504
Increase in contract liabilities	8	396	163
Cash generated from operations	1,837	2,090	4,465

6 Equity

	Number of ordinary shares of £0.01 each	Share capital £'000	Share premium £'000
Allotted, called up and fully paid			
At 1 January 2023	48,392,178	484	6,332
Shares issued	-	-	-
At 30 June 2023	48,392,178	484	6,332
Shares issued	-	-	-
At 31 December 2023	48,392,178	484	6,332
Shares issued	-	-	-
At 30 June 2024	48,392,178	484	6,332

There were no shares issued in the period to 30 June 2024.

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