

**Quartix Technologies plc**  
("Quartix", "the Group" or "the Company")

**Final Results**

**Strong growth in Annualised Recurring Revenue in all territories**

Quartix Technologies plc (AIM:QTX), one of Europe's leading suppliers of subscription-based vehicle tracking systems, analytical software and services, is pleased to announce its audited results for the year ended 31 December 2024.

**Financial highlights:**

- Group revenue increased by 8% to £32.4m (2023: £29.9m)
- Adjusted EBITDA<sup>1</sup> increased by 21% £6.5m (2023: £5.4m)
- Adjusted profit before tax<sup>2</sup> increased by 25% to £6.3m (2023: £5.1m)
- Profit for the year was £4.8m (2023: (Statutory Loss) £0.9m)
- Adjusted diluted earnings per share<sup>3</sup> increased to 9.78p (2023: 8.75p)
- Free cash flow<sup>4</sup> increased by 99% to £2.6m (2023: £1.3m).
- Final proposed dividend payment of 3.00p per share (2023: 1.50p) with no supplementary dividend (2023: none) giving a total dividend for the year, including the interim dividend, of 4.50p per share (2023: 3.00p)

<sup>1</sup> Earnings before interest, tax, depreciation, amortisation, share based payments and adjustments (see note 3)

<sup>2</sup> Adjusted measure for the prior year is excluding the impairment of intangibles and the provision to replace 2G units offset by the fair value gain of the future earn out payments

<sup>3</sup> Diluted earnings per share before adjustments (see Strategic Report: Financial Review, Financial Overview)

<sup>4</sup> Cash flow from operations after tax and investing activities

These audited results are consistent with the Trading Statement released on 13 January 2025.

**Full Financial Results Report**

The Group's Financial Statements and results presentations for the year ended 31 December 2024 are available in the "Investors" section of our website at: [www.quartix.com/investors](http://www.quartix.com/investors)

**Principal activities and performance measures**

The Group's main strategic objective is to achieve profitable growth in its fleet subscription base and the associated annualised recurring revenue.

Annualised recurring revenue (for "ARR" see definition in Key Performance Indicators ("KPI") table below footnote 4), when measured in constant currency year on year, is the most significant forward-looking key performance measure. The Group's ARR increased by £3.5m (+12%) during the year to £32.2m, representing a record year on year increase of 68% over the ARR growth achieved in 2023.

The KPIs used by the Board to assess the performance of the business are listed in the table below and discussed in the Chairman's Statement and Strategic Report.

**Key Performance Indicators ("KPIs")**

<b>Year ended 31 December</b>	<b>2024</b>	<b>2023</b>	<b>% change</b>
New Fleet subscriptions <sup>1</sup> (new units)	<b>74,673</b>	64,418	16
Fleet subscription base <sup>2</sup> (units)	<b>300,168</b>	266,568	13
Fleet customer base <sup>3</sup>	<b>30,134</b>	27,268	11
Customer acquisition (new customers)	<b>6,863</b>	5,759	19
Annualised recurring revenue <sup>4</sup> (£'000)	<b>32,238</b>	28,758	12
Net Revenue Retention (NRR) <sup>5</sup>	<b>96</b>	93	3
Fleet invoiced recurring revenue <sup>6</sup> (£'000)	<b>30,442</b>	27,764	10

<sup>1</sup> New vehicle tracking unit subscriptions added to the subscription base before gross attrition

<sup>2</sup> 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

<sup>3</sup> The number of customers associated with the fleet subscription base

<sup>4</sup> Annualised data services revenue for the subscription base at the year end, before deferred revenue, including revenue for units waiting to be installed for which subscription payments have started or are committed, all measured in constant currency

<sup>5</sup> NRR is measured on a constant-currency basis and represents the annualised value of recurring revenues for the customer base at the end of the year, excluding recurring revenues for customers acquired during the course of the year, divided by the annualised value at the start of the year, and expressed as a percentage

<sup>6</sup> Invoiced subscription charges before provision for deferred revenue

Andy Walters, Executive Chairman of Quartix, commented:

"In 2024 the value of our subscription revenues increased by £3.5m, marking a significant new record for Quartix. Adjusted profit before tax grew by 25% to £6.3m as we cut administrative overheads whilst steadily increasing sales and marketing investment. 2024 concluded with the monthly rate of new customer acquisition exceeding 700 and progress in this key measure has continued into 2025.

An accelerated development programme for a new telematics platform resulted in a product launch at year end which will reduce manufacturing costs from July 2025 onwards. Overhead costs in 2025 will continue to be subjected to detailed review with the aim of achieving further improvements in return on sales.

2025 has started on a strong note: new installations reached a significant new milestone in January and customer acquisition rates have further increased. This positive momentum, coupled with growth opportunities across all six territories, underpins our confidence in the outlook for 2025, during which we believe we will increase our recurring revenues and adjusted profit before tax by approximately 10%. We will provide a further detailed trading update in early April."

**For further information, please contact:**

**Quartix (www.quartix.net)** 01686 806 663  
Andy Walters, Executive Chairman

**Cavendish Capital Markets Limited (Nominated Adviser and Broker)** 020 7200 0500

Matt Goode / Seamus Fricker / Trisyia Jamaludin (Corporate Finance)  
Sunila de Silva (Equity Capital Markets)

**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 that is designed to improve productivity and lower 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**

**Introduction**

Since my return to the business in late 2023 our entire focus has been on profitable, organic growth via our core vehicle telematics subscription service. I am pleased to report that the Group has made very substantial progress in respect of that, achieving record growth in the value of its subscription base and a return to significant profitability: adjusted profit before tax increased by 25% to £6.3m (2023: £5.1m). We have put the issues of 2023 behind us and have made substantial investments in the future of the business.

**Annualised Recurring Revenue ("ARR")**

ARR is the key forward-looking measure of growth for the Group and an important indicator of shareholder value. ARR reported by the Group relates solely to committed software subscription revenues and does not include other service revenues which may recur. The Group's ARR increased by £3.5m (+12%) during the Period to £32.2m, representing an increase of 68% over the ARR growth achieved in 2023.

**Customer acquisition**

New customer acquisition during the Period increased by 19% to 6,863 new customers and new subscriptions increased by 16% to 74,673. The customer base increased by 11% to 30,134, and the total subscription base increased by 13% to 300,168.

These improvements in growth compared with 2023 were driven by renewed focus on channels to market in the Group's six target territories. New customer acquisition, in particular, accelerated through the year, reaching a rate of more than 700 new customers acquired in a rolling 30-day period by December - an increase of 50% over the rate of acquisition at the end of 2023.

The key metrics shown below include growth expressed as a % for the Period compared to the same period in 2023.

Country	ARR (£m)	%	Subscription Base (units)	%	Customer Base	%	New Subscriptions (units)	%	New Customers Acquired	%
UK/EI	17.7	+7%	156,506	+6%	11,668	+3%	30,481	+15%	1,592	+22%
France	8.3	+16%	80,579	+19%	9,174	+11%	23,032	+4%	2,293	+0%
USA	3.4	+7%	29,879	+2%	3,896	+1%	6,837	+14%	794	+13%
Italy	1.3	+53%	14,612	+52%	2,276	+47%	6,329	+42%	955	+60%
Spain	0.9	+40%	11,429	+43%	2,081	+35%	4,655	+35%	811	+31%
Germany	0.6	+63%	6,620	+57%	955	+43%	3,129	+89%	412	+65%
Other	-		543		84		210		6	
<b>Total</b>	<b>32.2</b>	<b>+12%</b>	<b>300,168</b>	<b>+13%</b>	<b>30,134</b>	<b>+11%</b>	<b>74,673</b>	<b>+16%</b>	<b>6,863</b>	<b>+19%</b>

**Net Revenue Retention ("NRR")**

Following the successful implementation of price increases across the Group, alongside previously reported KPIs, the Group has now chosen to include NRR in its reported KPIs as an additional important indicator of the quality and stability of its recurring revenue base. The Board believes that this additional visibility over revenue quality provides shareholders with a more comprehensive view of performance than that provided by attrition and price erosion measures (which are, nonetheless, both determinants of NRR).

NRR is defined as the annualised value of recurring revenues for the customer base at the end of the year, excluding recurring revenues for customers acquired during the course of the year, divided by the annualised value at the start of the year, and expressed as a percentage. This is measured on a constant-currency basis. Positive factors contributing to this measure are incremental orders and upgrades from existing customers or price increases ("expansion"). Negative contributors are reductions in fleet sizes and price erosion ("contraction") and customer losses ("attrition").

For the year as a whole NRR was 95.7% (2023: 93.0%). Price indexation, when averaged across the base, amounted to approximately 3%; in 2025 it is expected to be slightly over 5% across the current base. Through this and improved price control the Group hopes to increase NRR further in 2025, with a longer-term objective of exceeding 100%.

#### Regional review

##### UK/EI

ARR growth of £1.1m was achieved in 2024 (+7% to £17.7m): this was three times the level of growth achieved in 2023. New customer acquisition increased by 22% to 1,592 over the year and accelerated during the second half as cost savings in administrative overheads in the business were used for marketing investment. New subscriptions increased by 15% and prospects for H1 2025 are strong.

##### France

ARR grew by 16% to £8.3m and the high levels of customer acquisition and new installations achieved in 2023 were maintained. The customer and subscription bases increased by 11% and 19%, respectively.

##### USA

The USA had suffered from a series of organisational and strategic changes made in 2022 and 2023. This has necessitated the rebuilding of sales channels from scratch. Good progress was achieved in recruitment by the middle of 2024 and a 0.22m fall in ARR in 2023 was reversed in 2024, producing an increase of 0.26m (+7% ARR growth in sterling terms). Most of the staff recruited are experienced telematics sales executives, and pricing for new contracts has been increased by approximately 22% to bring the Group's pricing in the USA more into line with the competition. New subscriptions increased by 14% and customer acquisition improved by 13%. Most of these improvements developed in the final four months of the year, and 2024 ended on a positive note.

##### Spain, Italy and Germany.

Progress in these exciting new markets for the Group accelerated: ARR grew by 51% to £2.9m; new customer acquisition improved by 49% to 2,178; and new subscriptions grew by 48% to 14,113. The Group will continue to develop and invest in its channels to market in each of these countries, with a number of new recruitments already underway at the end of the year.

#### Results

Group revenue for the year increased by 8% to £32.4m (2023: £29.9m). It's noteworthy that 42% of group revenue (45% of Group ARR) now originates from territories outside the UK, exposing this portion to currency fluctuations against the GBP. Revenue growth at a constant currency, taking the EUR/USD revenue for 2023 and 2024 converted at the exchange rate at 31 December 2024 was 9%.

In 2024, the Group delivered Adjusted EBITDA of £6.5m (2023: £5.4m), slightly ahead of estimates provided in the January 2025 trading statement. Included in the Adjusted EBITDA this year is a re-estimate on the replacement of 2G units in France and the USA which has resulted in a reduction of approximately £0.5m in the provision to replace these units. This reduction is principally due to cost savings achieved in future manufacturing costs and the majority of the upgrade programme in the USA having been completed during the year (see note 19 and commentary concerning new product development).

The Group has opted to voluntarily report its performance in two segments: Total Fleet and Konetik. The Total Fleet segment has been sub-divided into two further categories. This has been done to give clarity as to the level of upfront investment the Group is making in acquiring new customers, as well as the associated impact on recurring revenue. The two sub-categories are:

- **Customer Acquisition:** This is the revenue associated with the Group's new customers in the year and the cost of servicing those new customers. The costs in this sub-category include all of the marketing costs and the majority of sales staff costs as it would be expected that all channels except for field sales would work primarily in obtaining new customers, whilst field sales would be expected to develop business with both new and existing customers.
- **Fleet Telematics Services:** This is the recurring revenue associated with the Group's active subscription base and the cost of servicing that subscription base. The costs in this sub-category include the cost of installing additional units for existing customers and any associated sales costs.

These two elements, together with central fleet costs, make up the Total Fleet segment.

The revenue and costs have been applied to each segment as appropriate in the analysis below:

Segmental analysis		Fleet				
Year ended 31 December	2024	Customer Acquisition	Telematics Services	Total Fleet	Konetik	Total Business
		£'000	£'000	£'000	£'000	£'000
Recurring revenue		2,001	28,066	<b>30,067</b>	-	<b>30,067</b>
Other sales		357	1,944	<b>2,301</b>	34	<b>2,335</b>
Total revenue		2,358	30,010	<b>32,368</b>	34	<b>32,402</b>
<b>Segmental costs:</b>						
Cost of goods sold		(1,976)	(7,910)	<b>(9,886)</b>	-	<b>(9,886)</b>
Sales and marketing costs		(6,672)	(433)	<b>(7,105)</b>	-	<b>(7,105)</b>
Cost of service		(768)	(4,205)	<b>(4,973)</b>	-	<b>(4,973)</b>
(Loss)/profit before central costs		<b>(7,058)</b>	<b>17,462</b>	<b>10,404</b>	34	<b>10,438</b>
Central costs				(3,586)	(461)	<b>(4,047)</b>
Final value gain					72	72

<b>fair value gain</b>	-	15	15
<b>Operating profit/(loss)</b>	<b>6,818</b>	<b>(354)</b>	<b>6,464</b>

Free cash flow (cash flow from operations after tax and investing activities) excluding the effects of the investment in Konetik, was £2.7m (2023: £3.3m), slightly ahead of previous guidance. Free cash flow in 2024 was adversely affected by expenditure of £1.3m on the replacement programmes in the USA and France (2023: £0.1m). Net cash increased to £3.1m at 31 December 2024 (2023: £2.4m).

By the end of 2024, almost all of the 2G units had been replaced in the USA, with fewer than 700 units remaining to be replaced. At 31 December 2024 there remained 33,000 2G units (31 December 2023: 48,000 units) to replace in France before 31 December 2026 with a total estimated remaining cost of 2.8 million Euros.

#### **Earnings per share**

Basic earnings per share increased to 9.85p per share (2023: loss of 1.88p per share). Diluted earnings per share increased to 9.78p per share (2023: loss of 1.88p per share). The adjusted diluted earnings per share, which in 2023 was calculated by deducting the fair value gain on re-estimate of the future earn-out payments and adding back the 2G provision recognised and the impairment of goodwill recognised on the acquisition of Konetik, was 8.75p.

#### **Dividend policy**

Our ordinary dividend policy is to pay a dividend set at approximately 50% of cash flow from operating activities, which is calculated after taxation paid but before capital expenditure.

In addition to this the Board will distribute the excess of gross cash balances over £2m on an annual basis by way of supplementary dividends, subject to a 2p per share de minimis level.

The surplus cash is calculated using the year end gross cash balance and after deduction of the proposed ordinary dividend and is intended to be paid at the same time as the final dividend. The policy will be subject to periodic review.

#### **Dividend**

In the year ended 31 December 2024, the Board decided to pay an interim dividend of 1.50p per ordinary share. This totalled £0.7m and was paid on 30 September 2024 to shareholders on the register as at 30 August 2024.

The Board is recommending a final ordinary dividend of 3.00p per share, with no supplementary dividend, giving a total dividend for the year of 4.50p per share, subject to shareholder approval. Whilst this is higher than that which would be paid under the Company's dividend policy (see above), the reduction in free cash flow in 2024 was caused principally by the costs of Konetik and the 4G upgrade programme in France, both of which are temporary in nature, and hence the Board considers the additional quantum to be appropriate.

The final dividend amounts to approximately £1.5m in aggregate. Subject to the approval at the forthcoming AGM, this dividend of 3.00p per share will be paid on 30 April 2025 to shareholders on the register as at 4 April 2025. The ex-dividend date is therefore 3 April 2025.

#### **Konetik Deutschland GmbH ("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. Konetik had substantial operating costs but insignificant revenues and the growth anticipated at the time of acquisition was not delivered.

As noted in the prior year Annual Report, 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. Steps were taken in January 2024 to begin the process of liquidation which included terminating all customer agreements, employment agreements and third party service provider contracts.

Operating costs of £0.5m for Konetik were recorded in the year, and a final payment of approximately £0.2m was paid in September under the terms of the acquisition agreement. The remaining activity in Konetik is minimal and consists only of that required during the final stages of liquidation. It is anticipated that the final closure of Konetik will complete in November 2025.

#### **Outlook**

In 2025, we will maintain our rigorous approach to overhead cost analysis. This ongoing scrutiny aims to further enhance our return on sales, ensuring optimal operational efficiency. Our accelerated development program will yield significant results; this new telematics platform resulted in a product launch at the end of 2024 which from July 2025 will substantially decrease our manufacturing costs. This demonstrates our commitment to innovation and cost-effective operations, aligning with our long-term goals for sustainable growth and improved financial performance.

The year has begun on a strong note: new installations reached a significant new milestone in January and customer acquisition rates have further increased. This positive momentum, coupled with growth opportunities across all six territories, underpins our confidence in the outlook for 2025, during which we believe we will increase our recurring revenues and adjusted profit before tax by approximately 10%.

*The Company believes that market expectations for 2025 are as follows: revenue: £35.5m; free cash flow: £3.0m; adjusted EBITDA: £6.5m*

#### **AGM**

The Group's AGM will be held at 10.30 a.m. on 31 March 2025 at the Company's registered address No.9 Journey Campus, Castle Park, Cambridge, CB3 0AX.

#### **Andy Walters**

Executive Chairman

## **Strategic Report: Operational Review**

#### **Strategy and business model**

The Group's main strategic objective is to grow its fleet subscription platform profitably and develop the associated recurring revenue. This strategy is based on five key elements, which were first highlighted in the 2018 Annual Report. We are pleased to be able to report progress in each area, as summarised below:

1. *Market development:* Quartix will continue to focus on fleet markets, exploring further opportunities within its six existing markets. Investment in and focus on the core business delivered strong progress in the UK and Continental Europe, and the customer base in the USA returned to growth during the year.
2. *Cost leadership:* We continue to seek improvements in the efficiency of the sales cycle and to review product and overhead costs in order to identify further operational efficiencies. The Group recognised at the end of 2023 that, in recent years, its overhead structure had grown at a faster rate than revenues, and in 2024 significant steps were taken to manage and reduce costs where possible. This will continue in 2025.
3. *Continuous enhancement of the Group's core software and telematics services:* Quartix has an ongoing modernisation program of its core software and telematics firmware and hardware, both from a technology and user experience perspective. These enhancements help to improve the customer experience as well as to increase the efficiency of its support operation.
4. *Outstanding service:* Quartix maintained its excellent reputation with fleet customers throughout the year, consistently being rated as "excellent" by TrustPilot users. Quartix achieved a Gold Award from Investors in Customers in 2023, which recognises truly excellent service.
5. *Standardisation and centralisation:* the expansion into European markets has been achieved by staff operating under the existing operational structures in place in the UK, with some sales staff being located in France. Support and service functions continued to be performed from the UK.

Our fleet customers typically use the Group's vehicle telematics services for many years following an initial contract. Accordingly, the Group focuses its business model on the development of subscription revenue, with high levels of revenue retention, providing the best return to the Group over the long term.

The number of vehicles connected to our subscription platform and the value of recurring subscription revenue derived from it are the key measures of our performance in the fleet sector. As noted in the Principal activities and performance measures section, the annualised recurring revenue increased by £3.5m, at a constant currency rate, to £32.2m at 31 December 2024.

#### **People**

We take great pride in the service we provide, and it is rewarding to see this reflected in the feedback we receive. Fleet customers consistently give us excellent reviews, including over 1,000 Trustpilot reviews with an impressive average score of 4.9 in 2024.

These achievements highlight the dedication, creativity, and teamwork of our people and underscore our commitment to delivering an outstanding customer experience. Quartix was awarded a Gold Award in 2023 following an assessment by Investors in Customers, a testament to our exceptional customer service. Additionally, we were honoured with the *Fleet News 2024 Reader Recommended Award*, further demonstrating the positive perception and strong awareness of the Quartix brand.

Financial success in our core business is built on this commitment to service, supported by our innovative product. The Board extends its sincere thanks to every employee whose hard work and dedication contributed to our continued growth in 2024.

#### **Research and development**

The Group is committed to the continuous enhancement of its core software and telematics services, and we aim to offer a market-leading platform which addresses the most common needs of SME customers in the service sector of each of our target markets.

Key developments included:

1. *Telematics hardware and firmware.* Development of the Group's latest generation of telematics system, the TCSV17, was initiated and released to production in the period. The development marked the most significant revision of both hardware and firmware design for at least a decade. The design objectives were focused principally on cost reduction, but some significant advances have also been made in performance. The cost saving achieved is approximately £8 per unit and the TCSV 17 unit will account for 7,000 units per month of usage from in 2025 from July onwards.
2. *Application software* Initial versions of revised web-based and mobile tracking applications were developed and released during the year. The new web-based application was released to new customers in July 2024 and completion of the application and its introduction to existing customers will be accelerated in 2025.

All of our investment in research and development was fully expensed in the year with a total cost of £0.9m in 2024 (2023: £1.1m).

#### **UK 2G Network**

The Board continues to monitor the situation concerning the eventual phasing out of 2G mobile network coverage in the UK. All UK network operators have agreed to sunset their 2G networks no later than 2033. Since Q4 of 2022, all new installations of the Group's tracking systems in the UK have either been of its wired, 4G-compatible units or of plug-in, user-installed trackers equipped with SIM cards which can roam across any of the available UK 2G networks. Given the very high level of fixed 2G device installations in the UK for applications such as smart meters, critical infrastructure and remote monitoring it is expected that some networks will continue through until the 2033 deadline.

At the end of 2024 the Group had 84,000 UK installations using 2G network services with its principal network service provider. These will not currently roam onto other networks. This total is reducing at a rate of approximately 1,400 units per month through natural replacements (service upgrades and vehicle swaps) as well as some attrition. The Board understands that its network service provider currently has just under 4 million 2G installations with other customers in the UK, and that it will enter into further discussion with all customers regarding the phasing-out process towards the end of 2025, with a view to completing the transition before the end of the decade. Given the current rate of reduction in the Group's 2G installed base and the anticipated cooperation and support of its service provider the Board does not believe that any material replacement cost will be incurred in the foreseeable future.

#### **Sustainability and Environmental, Social, and Governance ("ESG") matters**

The Board is aware that investors are increasingly applying non-financial factors, such as ESG matters, as part of their analysis process to identify material risks and growth opportunities. Being part of an ethical, purpose driven business increasingly matters more to our people, our shareholders and our business partners.

Software companies such as Quartix have a central role in the transition to a low carbon economy and a more sustainable future. The Group is essentially a non-emitting and limited-consuming business and the Board believes the Group's limited use of carbon energy is largely offset by the savings that we achieve for our customers in reduced fuel consumption and other efficiencies in vehicle fleet management.

In 2022 Quartix was granted the London Stock Exchange's "Green Economy Mark", which champions pioneering London-listed companies driving growth in the global green economy. To qualify, companies must generate at least 50% of their total annual revenue from products and services that significantly contribute towards the transition to a low carbon economy. The Mark was received due to analytics from an external consultancy firm and evidence from our customers, that fleet vehicle tracking and analytics changes driver behaviour and results in a reduction of between 10-25% in fuel consumption.

#### Capacity for future growth

Quartix is well-positioned for substantial profitable growth in its fleet business. The Group plans to

**Andy Walters**  
Executive Chairman

## Strategic Report: Financial Review

### Financial Overview

Year ended 31 December

£'000 (except where stated)

	2024	2023	% change
Revenue	<b>32,402</b>	29,882	8
Gross profit	<b>22,516</b>	16,978	33
Gross margin	<b>69%</b>	57%	
Operating profit/(loss)	<b>6,464</b>	(1,056)	712
Operating margin	<b>20%</b>	(4%)	
Adjusted EBITDA (note3)	<b>6,538</b>	5,397	21
Profit/(Loss) for the year	<b>4,766</b>	(908)	625
Earnings per share	<b>9.85</b>	(1.88)	
Diluted earnings per share	<b>9.78</b>	(1.88)	
Cash generated from operations	<b>4,097</b>	4,465	(8)
Adjusted operating profit to operating cash flow conversion	<b>63%</b>	88%	
Free cash flow (excluding acquisition)	<b>2,745</b>	3,277	(16)

#### Revenue

Revenue increased by 8% to £32.4m (2023: £29.9m). As stated in the Chairman Statement it's noteworthy that 42% of group revenue now originates from territories outside the UK, exposing this portion to currency fluctuations against the GBP. Revenue growth at a constant currency, taking the EUR/USD revenue for 2023 and 2024 converted at the exchange rate at 31 December 2024 results in revenue growth in the year of 9%. Price indexation, which was introduced in 2024 contributed approximately £0.9m to annualised recurring revenue, with majority of this contributing to the increase in the invoiced revenue in the year.

#### Gross margin

Gross margin has increased year-on-year from 57% in 2023 to 69% in 2024. Almost all of this increase is due to the significant provision raised in the prior year to upgrade 2G tracking systems in France to 4G. The Group achieved a slight reduction in the cost to manufacture its 4G-compatible tracking systems in the second half of 2023, and this was followed by the introduction of a new 4G-only system at the end of 2024 which has a substantially lower manufacturing cost than previous products. The effect of these cost savings will gradually improve gross margin over time as the amortisation of the cost of earlier versions unwinds.

#### Overheads

Sales & marketing investment increased by 12% to £7.1m (2023: £6.4m). Administrative expenses decreased by 3% to £9.0m (2023: £9.3m).

Throughout the year, the Group undertook targeted cost management initiatives, resulting in a 14% reduction in administrative expenses from the first half to the second half of the year. As demonstrated in the table below approximately half of these savings were strategically reinvested during the second half, primarily in sales and marketing efforts resulting in an 11% increase in sales & marketing costs in the second half. This included recruiting new sales agents to support the U.S. market and increasing marketing expenditures to drive lead generation

#### Overhead analysis

£'000 (except where stated)	6 months to 30 June 2024	6 months to 31 Dec 2024	% change	Full year 2024
Sales and marketing expenses	3,367	3,738	11%	<b>7,105</b>
Administrative expenses	4,654	3,905	(14%)	<b>8,559</b>
Konetik costs	411	50	(88%)	<b>461</b>
Total overheads	<b>8,432</b>	<b>7,693</b>	(9%)	<b>16,125</b>

#### Adjusted EBITDA

Adjusted EBITDA, increased to £6.5m (2023: £5.4m). In addition to price indexation which was introduced at the start of the year and the excellent progress made in the subscription base during the year, profitability improved as administrative and management overheads were reduced and the Group steadily improved upon the optimisation of its operational systems. Operational costs of the Konetik subsidiary were terminated in the first half of the year. Many of the improvements listed have yet to show a full-year benefit to profit.

#### Taxation

The UK effective tax rate has increased from 16% in 2023 to 25% in 2024, following the applicable tax rate increasing from 19% to 25%, a reduction in the R&D credit available and the loss relief available in the USA.

#### **Statement of financial position**

Property, plant and equipment, fell marginally to £0.6m (2023: £0.7m).

Contract cost assets increased to £6.2m (2023: £5.4m). Inventories increased to £1.7m (2023: £1.4m) due to the increase in stockholding to accommodate the French replacement programme. Cash at the year-end was £3.1m (2023: £2.4m). Trade and other receivables decreased to £4.1m (2023: £4.2m), which correlates with the trade receivables collection period decreasing from 42 days to 38 days. One of the key drivers of this was utilising a debt collection agency to collect debts in France and other European Territories. Trade and other payables were £4.0m (2023: £4.0m) largely due to the discharge of the deferred consideration for the acquisition of Konetik of £0.3m offset by higher accruals. Provisions decreased from £4.2m to £2.3m due to progress and re-estimate on anticipated costs per unit on 2G/3G unit replacement programmes.

Contract liabilities represent customer income invoiced in advance of satisfying performance obligations, which are expected to be recognised as revenue in future years. These increased to £3.8m in 2024 (2023: £3.7m) and are described further in note 20.

#### **Cash flow**

Cash generated from operations before tax at £4.1m was 63% of operating profit (2023: £4.5m, 88% of adjusted operating profit). Tax paid in 2024 was marginally higher at £1.3m (2023: £1.2m). As a result, cash flow from operating activities after taxation but before capital expenditure was £2.8m (2023: £3.3m).

The free cash flow (cash flow from operating activities and after investing activities) was £2.6m (2023: £1.3m). Included in the cash outflows this year was the balancing payment to Konetik shareholders under the share purchase agreement of £0.2m, £0.4m of Konetik operating costs and approximately £1.3m paid for the replacement programmes. The translation of cash flow into dividends is covered in the Chairman's Statement.

#### **Risk Management policies**

The principal risks and uncertainties of the Group are as follows:

##### **Attracting and retaining the right number of good quality staff**

The Group believes that in order to safeguard the future of the business it needs to recruit, develop and retain the next generation of staff. The impact of not mitigating this risk is that the Group ceases to be innovative and provide customers with the vehicle telematics services they require. Considerable focus has been given to recruitment, development and retention. The Group has a range of tailored incentive schemes to help recruit, motivate and retain top quality staff, which include the use of share options.

##### **Reliance on Mobile To Mobile ("M2M") network**

The Group's service delivery is dependent on a functioning M2M network covering both the internet and mobile data. The impact of not mitigating this risk is that the Group is exposed to an M2M outage. Quartix has dual site redundancy to cover a localised internet problem and we are constantly working on improving the reliability of our systems architecture.

Management believes that, at some point between 2025 and 2030, most UK and European network operators will finalise the sunsetting of their 2G networks. The final networks to withdraw 2G service in France announced their sunsetting programme in 2023, which is due to complete by the end of 2026. Quartix began its proactive 2G unit replacement programme in France in January 2024. The Company continues to monitor the announcements regarding the UK sunsetting of the 2G network, and depending on the actual timetable and the commercial climate, there may be a cost at that time associated with the upgrading of customers' technology, which the Group is seeking to minimise through various technological and commercial means. Management continue to review the situation for network migration in the UK. Currently all new systems installed are either 4G compatible or make use of a roaming sim card which can use a range of 2G networks, as the Group believe that some 2G networks will be operational until 2030.

##### **Business disruption**

Like any business the Group is subject to the risk of business disruption. This includes communications, physical disruption to our sites and problems with our key suppliers. The impact of not mitigating this risk is that the Group may not be able to service its customers. Quartix has a Business Continuity plan and business interruption insurance to cover certain events to help mitigate these risks.

The Group acquires, manages and supports its customers in the EU centrally, from its offices in the UK. The BREXIT trading and data adequacy arrangements have not made it necessary for a relocation of some of its operations to within the EU. However, the existing French business is instrumental in the logistics of moving the goods between France and customers in the EU.

Potential new US tariffs and geopolitical tensions could lead to more volatile global prices and trade disruptions, which has a potential impact on global supply chains. The Group's product currently has a duty free tariff and the risk of component shipment delays as a result of tariffs and geopolitical tensions is mitigated through stockholding at its third party manufacturing warehouse in China.

Inflation is expected to remain elevated, higher costs may put pressure on profit margins and impact cash flows for businesses, particularly if they struggle to pass on increased expenses to customers. Coupled with higher borrowing costs these factors could strain companies with significant debt or those relying on refinancing. The Group does not have any debt, however there may be an impact on the Group's customer base and therefore the Group's ability to collect cash from its customers. The Group continues to work with a debt collector that covers all territories in an effort to increase the probability of collection of debt following the 45 days overdue period has passed. The Group continues to review its collection process and credit control efforts to mitigate the risk.

##### **Cyber security**

The Group needs to make sure its data is kept safe and that there is security of supply of data services to customers. The reputational and commercial impact of a security breach would be significant. To combat this, the Group has a security policy and prepares a security report which is reviewed by members of the Operations Board. This process includes the use of outside consultants for penetration testing and security review.

##### **Technology**

Technology risks are perceived to arise from possible substitutes for the current Quartix product. Risks cited include everything from smart mobile phones and their applications to driverless cars. The Group strategy is to review all new technical developments with the aim of adopting any which will provide a better channel for the information services which Quartix provides.

**Andy Walters**  
Chief Executive Officer

**Consolidated Statement of Comprehensive Income**

Year ended 31 December	2024	2023	2023	2023	
	Notes	£'000	Before Adjustments £'000	Adjustments £'000	After Adjustments £'000
<b>Revenue</b>	2	<b>32,402</b>	29,882	-	29,882
Cost of sales		(9,886)	(9,145)	(3,759)	(12,904)
<b>Gross profit</b>		<b>22,516</b>	20,737	(3,759)	16,978
Sales & Marketing expenses		(7,105)	(6,366)	-	(6,366)
Administrative expenses		(9,020)	(9,285)	-	(9,285)
Impairment		-	-	(2,695)	(2,695)
Fair value gain		73	-	312	312
<b>Operating profit / (loss)</b>		<b>6,464</b>	5,086	(6,142)	(1,056)
Finance income receivable	2	10	-	-	10
Finance costs payable		(153)	(31)	-	(31)
<b>Profit / (loss) for the year before taxation</b>		<b>6,313</b>	5,065	(6,142)	(1,077)
Tax expense		(1,547)	(771)	940	169
<b>Profit / (loss) for the year</b>		<b>4,766</b>	4,294	(5,202)	(908)
Exchange difference on translating foreign operations		(14)	43	-	43
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>(14)</b>	43	-	43
<b>Total comprehensive income/(loss) attributable to the equity shareholders of Quartix Technologies plc</b>		<b>4,752</b>	4,337	(5,202)	(865)
<b>Adjusted EBITDA</b>	3	<b>6,538</b>			5,397
<b>Earnings per ordinary share (pence)</b>	4				
Basic		9.85			(1.88)
Diluted		9.78			(1.88)

**Consolidated Statement of Financial Position**

	Notes	31 Dec 2024 £'000	31 Dec 2023 £'000
<b>Non-current assets</b>			
Goodwill		14,029	14,029
Property, plant and equipment		560	684
Deferred tax assets		737	1,144
Contract cost assets		1,125	894
<b>Total non-current assets</b>		<b>16,451</b>	16,751
<b>Current assets</b>			
Inventories		1,732	1,411
Contract cost assets		5,045	4,550
Trade and other receivables		4,115	4,186
Cash and cash equivalents		3,101	2,380
<b>Total current assets</b>		<b>13,993</b>	12,527
<b>Total assets</b>		<b>30,444</b>	29,278
<b>Current liabilities</b>			
Trade and other payables		4,020	2,055

Trade and other payables		4,029	3,955
Provisions	7	1,203	2,775
Contract liabilities		3,782	3,679
Current tax liabilities		369	557
		9,383	10,966

**Non-current liabilities**

Lease liabilities		411	520
Non-current provisions		1,048	1,443
		1,459	1,963
<b>Total liabilities</b>		<b>10,842</b>	<b>12,929</b>
<b>Net assets</b>		<b>19,602</b>	<b>16,349</b>

**Equity**

Share capital	6	484	484
Share premium account	6	6,332	6,332
Equity reserve		163	392
Capital redemption reserve		4,663	4,663
Translation reserve		(309)	(295)
Retained earnings		8,269	4,773
<b>Total equity attributable to equity shareholders of Quartix Technologies plc</b>		<b>19,602</b>	<b>16,349</b>

**Consolidated Statement of Changes in Equity**

	Share capital	Share premium account	Capital redemption reserve	Equity reserve	Translation reserve	Retained earnings	Total equity
	£'000	£,000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 December 2022</b>	<b>484</b>	<b>6,332</b>	<b>4,663</b>	<b>342</b>	<b>(338)</b>	<b>9,428</b>	<b>20,911</b>
Shares issued	-	-	-	-	-	-	-
Increase in equity reserve in relation to options issued	-	-	-	78	-	-	78
Recycle of equity reserve to P&L reserve	-	-	-	(28)	-	28	-
Dividend paid	-	-	-	-	-	(3,775)	(3,775)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>(3,747)</b>	<b>(3,697)</b>
Foreign currency translation differences	-	-	-	-	43	-	43
Loss for the year	-	-	-	-	-	(908)	(908)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43</b>	<b>(908)</b>	<b>(865)</b>
<b>Balance at 31 December 2023</b>	<b>484</b>	<b>6,332</b>	<b>4,663</b>	<b>392</b>	<b>(295)</b>	<b>4,773</b>	<b>16,349</b>
Shares issued	-	-	-	-	-	-	-
Increase in equity reserve in relation to options issued and cancelled	-	-	-	(113)	-	66	(47)
Recycle of equity reserve to P&L reserve	-	-	-	(116)	-	116	-
Dividend paid	-	-	-	-	-	(1,452)	(1,452)
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(229)</b>	<b>-</b>	<b>(1,270)</b>	<b>(1,499)</b>
Foreign currency translation differences	-	-	-	-	(14)	-	(14)

Profit for the year	-	-	-	-	-	4,766	<b>4,766</b>
<b>Total comprehensive income</b>	-	-	-	-	(14)	<b>4,766</b>	<b>4,752</b>
<b>Balance at 31 December 2023</b>	<b>484</b>	<b>6,332</b>	<b>4,663</b>	<b>163</b>	<b>(309)</b>	<b>8,269</b>	<b>19,602</b>

**Consolidated Statement of Cash Flows**

	Note	2024 £'000	2023 £'000
<b>Cash generated from operations</b>	5	<b>4,097</b>	4,465
Taxes paid		(1,326)	(1,181)
Cash flow from operating activities		<b>2,771</b>	3,284
<b>Investing activities</b>			
Additions to property, plant and equipment		(28)	(17)
Interest received		2	10
Acquisition of subsidiary, net of cash acquired		(176)	(1,986)
Cash flow utilised in investing activities		<b>(202)</b>	(1,993)
Cash flow from operating activities after investing activities (Free cash flow)		<b>2,569</b>	1,291
<b>Financing activities</b>			
Repayment of lease liabilities		(166)	(172)
Proceeds from share issues		-	-
Dividend paid		(1,452)	(3,775)
Cash flow used in financing activities		<b>(1,618)</b>	(3,947)
Net changes in cash and cash equivalents		<b>951</b>	(2,656)
Cash and cash equivalents, beginning of year		<b>2,380</b>	5,063
Exchange differences on cash and cash equivalents		(230)	(26)
Cash and cash equivalents, end of year		<b>3,101</b>	2,380

**Notes to the Accounts**

**1 Basis of preparation**

The results have been extracted from the audited financial statements of the Group for the year ended 31 December 2024. The results do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Whilst the financial information included in this announcement has been computed in accordance with UK-adopted International Financial Reporting Standards ('IFRS') and with the requirements of the Companies Act 2006 applicable to companies reporting under those standards, this announcement does not of itself contain sufficient information to comply with UK-adopted IFRS. The Group will publish full financial statements that comply with UK-adopted IFRS. The audited financial statements incorporate an unqualified audit report.

Statutory accounts for the year ended 31 December 2023, which incorporated an unqualified auditor's report, have been filed with the Registrar of Companies. The Auditor's report on these accounts did not draw attention to any matters by way of emphasis and did not contain statements under S498(2) or (3) Companies Act 2006. The accounting policies applied are consistent with those described in the Annual Report & Accounts for the year ended 31 December 2023.

The basis of preparation and summary of significant accounting policies applicable to the consolidated financial statements of Quartix Technologies plc can be found in note 1 of the Annual Report and Financial Statements, available from the Group's website.

**2 Revenue**

The Group's revenue disaggregated by primary geographical market is as follows:

	2024 £'000	2023 £'000
United Kingdom	<b>18,898</b>	17,997
France	<b>7,972</b>	6,882
New European Territories	<b>2,358</b>	1,674
United States of America	<b>3,174</b>	3,329
	<b>32,402</b>	29,882

There are no material non-current assets based outside the UK.

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	2024	2023
	£'000	£'000
Goods and services transferred over time	31,124	28,674
Revenue recognised at a point in time	1,278	1,208
	<b>32,402</b>	<b>29,882</b>

Goods and services transferred over time represent 96.1% of total revenue (2023: 96.0%).

For 2024, revenue includes £3.6m (2023: £3.5m) included in the contract liability balance at the beginning of the period. Changes to the Group's contract liabilities (i.e. deferred revenue) are attributable solely to the satisfaction of performance obligations.

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

	2024	2023
	£'000	£'000
Operating profit	<b>6,464</b>	(1,056)
Depreciation on property, plant and equipment, owned	47	76
Depreciation on property, plant and equipment, right of use	147	157
EBITDA	<b>6,658</b>	(823)
Share-based payment expense (incl. cash-settled)	(47)	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	(73)	(312)
Exceptional 2G replacement provision for France	-	3,759
Adjusted EBITDA	<b>6,538</b>	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 year. All earnings per share calculations relate to continuing operations of the Group.

Earnings per ordinary share	Profits attributable to shareholders £'000	Weighted average number of shares	Basic earnings per share amount in pence	Fully diluted weighted average number of shares	Diluted earnings per share amount in pence
<b>Earnings per ordinary share</b>					
Year ended 31 December 2024	4,766	48,392,178	9.85	48,708,067	9.78
Year ended 31 December 2023	(908)	48,392,178	(1.88)	49,088,054	(1.88)
<b>Adjusted earnings per ordinary share</b>					
Year ended 31 December 2024	4,766	48,392,178	9.85	48,708,067	9.78
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 Company's ordinary shares during that year. There was no impact of dilution on earnings per share in 2023 since a loss was incurred.

To illustrate the underlying earnings for the year, the table above includes adjusted earnings per ordinary share, which for 2023 excludes the £3.8m 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 of 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 Notes to the cash flow statement**

Cash flow adjustments and changes in working capital

	2024	2023
	£'000	£'000
<b>Profit before tax</b>	<b>6,313</b>	(1,077)
Foreign exchange	304	25
Depreciation	194	233
Interest income	(2)	(10)
Lease interest expense	26	31
Share based payment expense	(47)	78
Impairment	(204)	2,695
<b>Operating cash flow before movement in working capital</b>	<b>6,584</b>	1,975
Increase/(decrease) in trade and other receivables	12	(599)
(Increase) in contract cost assets	(832)	(1,157)
(Increase)/decrease in inventories	(320)	579
(Decrease)/Increase in trade and other payables	(1,495)	3,504
Increase in contract liabilities	148	163
<b>Cash generated from operations</b>	<b>4,097</b>	4,465

**6 Equity**

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

There were no shares issued in the year to 31 December 2024.

**7 Provisions**

The carrying amounts and the movements in the provision account are as follows:

	Replacement £'000	Other £'000	Total £'000
Carrying amount at 1 January 2023	449	94	543
Amount utilised	(50)	(10)	(60)
Amount charged	3,759	-	3,759
Foreign exchange	(24)	-	(24)
<b>Carrying amount at 31 December 2023</b>	<b>4,134</b>	<b>84</b>	<b>4,218</b>
Amount utilised	(1,337)	(55)	(1,392)
Decrease in provision on re-estimate	(561)	-	(561)
Unwinding of discount	127	-	127
Foreign exchange	(141)	-	(141)
<b>Carrying amount at 31 December 2024</b>	<b>2,222</b>	<b>29</b>	<b>2,251</b>
Current provisions	1,174	29	1,203
Non-current provisions	1,048	-	1,048
	<b>2,222</b>	<b>29</b>	<b>2,251</b>

The Group makes full provision for the future cost of replacements on a discounted basis at the end of a reporting period following the Groups network provider announcement of the sunsetting of the network that the tracking units are compatible with. The provision for the replacement of the units in France, recognised in 2023, represents the present value of the replacement costs which are expected to be incurred over the next two to three years, as the expected shut down communicated by the network provider for units in France is December 2026. The provisions have been created based on the Company's internal estimates. Assumptions based on the current economic environment have been made, which management believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. The discount rate used to calculate the present value of the provision to replace the 2G units in France is 4.6% (2023: 3.5%) which was the risk free rate for the Group equivalent to UK 10 year Government Bond yield at the end of the year. A deferred tax asset is recognised at

the Group equivalent to UK 10 year Government Bond yield at the end of the year. A deferred tax asset is recognised at 25% of the provision outstanding for the replacement units in France.

The majority of the other provision relates to standard or extended warranties for which customers are covered for the cost of repairs or replacement units as appropriate.

#### 8 Share based payments

The Company has share option schemes for certain employees. Share options are exercisable at prices determined at the date of grant. The vesting periods for the share options range between 12 and 63 months. Options are forfeited if the employee leaves the Company before the options vest.

Movements in the number of equity-settled share options outstanding and their related weighted average exercise prices are as follows:

		2024		2023
	Weighted average exercise price per share in pence	Options number	Weighted average exercise price per share in pence	Options number
Outstanding at 1 January	243.0	671,316	212.6	805,063
Granted	1.0	37,218	-	-
Cancelled	360.0	(74,965)	-	-
Lapsed	1.0	(323,627)	59.7	(133,747)
Forfeited	0.9	(106,276)	-	-
Outstanding at 31 December	239.2	203,666	243.0	671,316
<hr/>				
Exercisable at 31 December	292.5	166,448	288.4	565,317

The weighted average fair value of equity settled options granted during the year ended 31 December 2024 was 135.1p (2023: none granted).

There were no options exercised in the year ended 31 December 2024 (2023: none exercised).

Further details of share-based payments are given in the Group's audited accounts, which are available at [www.quartix.net/investors/](http://www.quartix.net/investors/)

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