

Quartix Holdings PLC

Trading Statement

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Quartix Holdings plc ("Quartix" or the "Company")

Trading Statement

Quartix Holdings plc, one of Europe's leading suppliers of subscription-based vehicle tracking systems, software and services, issues the following trading statement ahead of its Annual General Meeting today.

The Board reports that trading for the two-month period to 28 February 2018 was in line to deliver management's expectations for the full year.

The Company has made excellent progress in its core fleet business in the USA and France since the start of the year: new installations in those countries in the first quarter are expected to have been more than 60% ahead of the same period last year. In the USA this has resulted from the actions taken to strengthen the sales organisation and to invest in sales management systems and marketing automation linked to a new website. In France the strong growth is attributable to further sales team development, enhancement of the Company's indirect sales channels and better use of price comparison sites.

The Company will continue to invest in the development of its fleet business and remains confident of the potential in this sector. Current investments include initiatives such as the roll-out of the sales and marketing automation platform developed for the USA market to its French and UK operations as well as new product, market and channel developments aimed at the longer-term growth prospects for this sector. It is also considering ways in which additional investment in these initiatives could lead to faster growth.

In recent weeks the Company has become aware of increased pricing pressure in the insurance telematics market generally and that some telematics suppliers are now offering levels of pricing which it believes are at, or close to, the cost of service delivery. The Company's position remains that it will not pursue business which does not properly value the level of service and unique technology it offers, such as its SafeSpeed Database. It also continues to believe that the potential for both growth and profitability in this sector remain limited by the characteristics of the end-user market. As such, unless market conditions change, the Board anticipates that its volume of business in this sector will decline further.

The Board does not expect this development to have a material impact on its H1 results. It believes, however, that there is likely to be a decline in its insurance volumes in the second half which could lead to Group revenue for the year being comparable with that of 2017. The corresponding impact on free cash flow against market estimates* is expected to be proportionately greater, although profit for the year is expected to remain in line with market expectations*. Given the trends being

seen in the insurance sector, the Board anticipates that there could then be a further decline in 2019 insurance revenue.

* The Board believes that consensus market expectations for 2018, prior to this announcement, were as follows: Revenue: £26.10m; Adjusted EBITDA £7.55m; Free Cash Flow: £6.35m.

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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 "pay as you drive" motor insurance providers 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).

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