

Quartix Holdings PLC

Trading Statement

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("Quartix" or the "Company")
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Quartix Holdings plc, one of Europe's leading suppliers of subscription-based vehicle tracking systems, software and services, is pleased to provide an update on trading for the year ended 31 December 2019 and to report that it will publish results for the year ended 31 December 2019 on Monday 24 February 2020. The results, together with accompanying presentations, will be posted that morning on the Company's website at www.quartix.net/investors.

The Board is pleased to report that it expects revenue, profit and free cash flow to be slightly ahead of current market forecasts.

Management's current estimates for revenue and free cash flow are £25.6m and £5.9m respectively. Management's current estimate for adjusted EBITDA is £7.0m; following a previously referenced review of the Group's commission structures, this figure includes an expected uplift of £0.3m in respect of an accounting policy change under IFRS15 *Revenue from Contracts with Customers*. In all cases, these figures are provisional estimates and may be subject to revision following final December trading results and audit.

The Company made excellent progress in its core fleet business in the UK, France and the USA, and entered a range of new territories with encouraging results. Revenues in the fleet business are expected to have grown by around 10%, accounting for approximately 80% of Company revenues. A summary of performance is shown in the table below.

Region	New installations (units) 2018	New installations (units) 2019	Growth	Subscription base (units) 1/1/2019	Subscription base (units) 1/1/2020	Growth
UK and Eire	18,583	25,689	38%	91,221	105,631	16%
France	6,725	9,041	34%	18,803	25,643	36%
USA	6,148	7,743	26%	13,133	18,050	37%
New territories*	-	1,354	-	-	1316	-
Total	31,456	43,827	39%	123,157	150,640	22%

*Note: new territories for 2019 included: Spain, Poland, Germany and Italy

The Company continued its transition away from lower-margin insurance business, and new installations in this sector declined by 12% to 36,386 as a consequence. This effect led to total Company revenues for the year being largely consistent with the prior year, despite the good growth achieved in the fleet business. The change in balance from insurance to fleet is expected to continue in 2020.

Quartix has continued to invest in its software and telematics technology, having maintained progress in its web and mobile-based applications and launched further new variants of its telematics products. These enhancements also accommodated additional languages in the Company's telematics and commercial applications. This multi-lingual support, together with the TCSV12 OBD and battery-mounted self-install devices, provided a platform for expansion into Spain, Germany, Poland and Italy without the need for local recruitment. The Company is encouraged to note that the self-install products launched during 2018 and 2019 have made excellent progress in these regions, as well as in the Company's three other existing markets.

Given the success achieved in existing markets and the encouraging results seen from expansion into new territories, Quartix intends investing further during 2020 and 2021 in sales, marketing and technological development in order to capitalise further on the profitable subscription platform it has created.

Andy Walters, Chief Executive Officer of Quartix, commented: "We are delighted with the progress made in 2019. Growth in all markets was excellent and the Company's fleet subscription base grew by 22% to 151,000 vehicles. We also completed some exciting new technological developments during the year and will continue to invest in the growth of our fleet subscription business. We look forward to 2020 with confidence."

[1] The Board believes that consensus market expectations for 2019, prior to this announcement, were as follows: revenue: £25.3m; adjusted EBITDA £6.8m; free cash flow: £5.7m.

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

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