

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 a further update and trading statement, as promised in its statement of 27 April.

Trading: January to April 2020

The Board reports that trading for the first four-month period to 30 April 2020 was strong, and ahead of the equivalent period last year. The Company's cash balance was £9.5m at 1 June.

Employee welfare

The Board is pleased to report that none of the Company's employees have so far tested positive for Coronavirus. The decision to close the Company's offices was taken on 9 March and all employees have been working from home since 16 March. All aspects of the Company's business continue to operate effectively.

New fleet tracking installations

As previously reported, new fleet installations in April were 60% lower than the same month last year, with 1,500 installations in total across all territories (2019: 4,200). New installations in May were 25% below the same period last year at 2,740 (2019: 3,630). The resumption of some business activity on 11 May helped a strong rebound in France and the Company will provide a full breakdown by territory in its Interim Results, which will be released at the end of July.

As previously noted, the Company accounts for the cost of new installations in the month they are carried out (for both fleet and insurance) and there has been a consequent reduction in costs. Where possible, the benefits from this will be used to increase investment in customer acquisition. Significant development has been carried out over the past two months on productivity, process and activity measurement reporting for the Company's sales operations, and this will help the Company in maximising the effectiveness of future investments in sales and marketing.

Fleet subscription base

The Company has been monitoring activity levels in its fleet customer base on a weekly basis since the start of the pandemic, based on distance travelled and the number of vehicles in use. This analysis has focused on the UK and France, as these countries represent 85% of its recurring revenues. The Company's analysis at 22 May showed the following data and trends, using the first working week of March as the baseline (2 – 6 March):

UK

Vehicle mileage fell by 54% to its lowest point during the working week 30 Mar to 3 April and had only partially recovered to 32% below normal levels by 22 May. Construction, representing 31% of the Company's base, fell by 60% in the early stages of lockdown but is now recovering at a slightly faster pace than the average. Other site-based services and manufacturing, representing a further 24% of the Company's base, were still operating at 40% below normal levels on 22 May.

France

Vehicle mileage fell by 63% to its lowest point during the working week ending 23 - 27 March, one week before the UK. Activity rates appear to be recovering at a faster pace than in the UK however, with the aggregate level just 9% below the baseline by 22 May.

Impact on the value of the Company's subscription base

The Coronavirus pandemic has not yet had a material impact on the Company's subscription base: a slight decline in the value of the UK base over the past two months has been more-than offset by small gains in other territories. Similarly, rates of attrition have held steady at around 12% on an annualised basis. It should be noted, however, that the Company is in regular communication with a number of customers (predominantly in the UK) for which it is providing support in the form of payment relief or deferral. These customers now represent a total of approximately 6% of the total base by value. In addition to this there has been some increase in direct debit and other payment issues, although there has not yet been a significant increase in bad debt.

As noted on 27 April, the Company believes that the full impact on its subscription base will not become apparent until the autumn, as the UK government's financial support measures are withdrawn and as the Company's SME customers potentially exhaust their cash reserves. In the meantime it will continue to focus on supporting its base and on investing in customer acquisition.

Insurance telematics

New installations for insurance were limited by both installation capacity and demand in April (612 units) but mainly by reduced demand in May (388 units). New registrations started to increase towards the end of May as insurers started to write telematics policies again and the Board expects that this should take the total for June to approximately 700 units.

Likely impact of Coronavirus on the outlook for 2020 and 2021

As stated in the trading statement of 27 April, The Board's view is that the COVID-19 pandemic is unlikely to have a material impact on profit and cash flow in the first half of 2020 but given the uncertainty that remains, the Board is still unable to provide guidance for the financial performance in the second half of 2020 and for 2021. A further update will be provided at the end of July with the Company's Interim Results.

Quartix (www.quartix.com)

01686 806 663

Andy Walters, Chief Executive Officer

Daniel Mendis, Chief Financial Officer

finnCap (Nominated Adviser and Broker)

020 7220 0500

Matt Goode /Hannah Boros (Corporate Finance)

Alice Lane (Corporate Broking)