Quartix

Real-Time Vehicle Tracking

Quartix Technologies plc
Annual Report 2024

Contents

Company Information

Company registration number:	06395159
Registered office:	No.9 Journey Campus Castle Park Cambridge CB3 0AX
Directors:	Andrew Walters Alison Seekings Ian Spence (appointed on 19 February 2024) Emily Rees (resigned on 26 March 2024)
Company secretary:	Andrew Walters
Bankers:	HSBC Bank Plc 63-64 St Andrews Street Cambridge CB2 3BZ
Solicitors:	HCR Hewitsons 50-60 Station Road Cambridge CB1 2JH
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Highlights

Quartix is one of Europe's leading suppliers of subscription-based vehicle tracking systems, analytical software and services.

Financial highlights

- Group revenue increased by 8% to £32.4m (2023: £29.9m)
- Adjusted EBITDA[1] increased by 21% £6.5m (2023: £5.4m)
- Adjusted profit before tax[2] 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[3] increased to 9.78p (2023: 8.75p)
- Free cash flow[4] 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)

[1] Earnings before interest, tax, depreciation, amortisation, share based payment expense and adjustments (see note 4)
[2] Adjusted measure in 2023 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
[3] Diluted earnings per share before adjustments (see Strategic Report: Financial Review, Financial Overview and note 10)
[4] Cash flow from operations after tax and investing activities

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")

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

[1] New vehicle tracking unit subscriptions added to the subscription base before gross 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] 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
[5] 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
[6] Invoiced subscription charges before provision for deferred revenue

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	
Total	**32.2**	**+12%**	**300,168**	**+13%**	**30,134**	**+11%**	**74,673**	**+16%**	**6,863**	**+19%**

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 Year ended 31 December 2024	Customer Acquisition £'000	Fleet Telematics Services £'000	**Total Fleet £'000**	Konetik £'000	**Total Business £'000**
Recurring revenue	2,001	28,066	**30,067**	-	**30,067**
Other sales	357	1,944	**2,301**	34	**2,335**
Total revenue	2,358	30,010	**32,368**	34	**32,402**
Segmental costs:					
Cost of goods sold	(1,976)	(7,910)	**(9,886)**	-	**(9,886)**
Sales and marketing costs	(6,672)	(433)	**(7,105)**	-	**(7,105)**
Cost of service	(768)	(4,205)	**(4,973)**	-	**(4,973)**
(Loss)/profit before central costs	**(7,058)**	**17,462**	**10,404**	**34**	**10,438**
Central costs			(3,586)	(461)	**(4,047)**
Fair value gain			-	73	**73**
Operating profit/(loss)			**6,818**	**(354)**	**6,464**

Results (continued)

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%.

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.

Andrew 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 TCSV17 will account for 7,000 units per month of usage 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.

Sustainability and Environmental, Social, and Governance ("ESG") matters (Continued)

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 capitalize on this opportunity by making strategic investments in sales channels throughout 2025 and beyond.

Management believes that significant portions of its existing addressable markets remain untapped, presenting ample opportunity for expansion. Simultaneously, Quartix aims to capture market share from competitors in more mature markets.

To drive growth, the Group will focus on two key strategies:

- Implementing data-driven optimization across the sales and marketing funnel
- Executing automation and simplification initiatives across business processes

These targeted investments in sales channels are expected to yield positive results in 2025, with anticipated increases in both new fleet unit installations and the value of the annualized subscription base. This approach aligns with Quartix's commitment to sustainable growth and market leadership in the vehicle telematics industry

Andrew Walters
Executive Chairman

Strategic Report: Financial Review

Financial Overview

Year ended 31 December £'000 (except where stated)	2024	2023	% change
Revenue	**32,402**	29,882	8
Gross profit	**22,516**	16,978	33
Gross margin	**69%**	57%	
Operating profit/(loss)	**6,464**	(1,056)	712
Operating margin	**20%**	(4%)	
Adjusted EBITDA (note 4)	**6,538**	5,397	21
Profit/(Loss) for the year	**4,766**	(908)	625
Earnings per share	**9.85**	(1.88)	
Diluted earnings per share	**9.78**	(1.88)	
Cash generated from operations	**4,097**	4,465	(8)
Adjusted operating profit to operating cash flow conversion	**63%**	88%	
Free cash flow (excluding acquisition)	**2,745**	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 the 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%**	**7,105**
Administrative expenses	4,654	3,905	**(14%)**	**8,559**
Konetik costs	411	50	**(88%)**	**461**
Total overheads	**8,432**	**7,693**	**(9%)**	**16,125**

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.

Risk Management policies (continued)

Business disruption (continued)

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 Groups 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.

Section 172 (1) Statement

In accordance with the Companies Act 2006 (Act), as amended by the Companies (Miscellaneous Reporting) Regulations 2018, the Directors provide this statement to describe how they have engaged with and had regard to the interest of our key stakeholders when performing their duty to promote the success of the Group, under Section 172 of the Act. The Directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in Section 172 of the Act) in the decisions taken during the year ended 31 December 2024.

Given the importance of our stakeholders and the impact they have on our strategy, reputation and the Group's long-term success, consideration has been given to them throughout the 2024 Annual Report and the table below identifies where they are discussed:

Section 172 responsibility	Where you can read more
The likely consequence of any decision in the long-term	Outlook on page 9 Strategic Report: Operational review: Strategy and business model page 10. Capacity for future growth page 12 Corporate Governance Report: section 1 page 22 and section 9 on page 29-30
The interests of the Group's employees	Strategic Report: Operational review: Strategy and business model page 10 Corporate Governance Report: Section 3 page 24-25
The need to foster the Group's business relationships with suppliers, customers and others	Strategic Report: Operational review: Strategy and business model page 10 Financial Overview: Risk Management (M2M network and business disruption) page 15-16. Corporate Governance Report: Section 3 page 24-25
The impact of the Group's operations on the community and the environment	Our commitment to our stakeholders: page 11 The ESG report: page 35-37
The desirability of the Group maintaining a reputation for high standards of business conduct	Corporate Governance Report: Section 8 Page 28
The need to act fairly as between members of the Group	Corporate Governance Report: Shareholder engagement page 22

The Corporate Governance Code also highlights the importance of effective engagement with shareholders and other stakeholders. Engaging with our stakeholders and the issues that matter to them allows us to take more informed decisions and better identify the consequences of our actions on our stakeholders, whilst recognising that each decision will not always result in a positive outcome for each of our stakeholders. By having good governance procedures in place, the Board aims to make sure that its decisions maintain a high standard of business conduct.

Our commitment to our stakeholders

The following table sets out how we engage with our key stakeholders.

Our stakeholders	What has mattered to them this year?	Our response
Customers		The Board's main strategic objective is to grow its fleet subscription platform and develop the associated recurring revenue. This was supported by each of the following decisions/actions:
	Consistent quality service and support, to customers.	Providing data services consistently throughout the year, having invested in robust infrastructure.
	Innovation to support their business.	Prompt development response to product innovation. Timely development of new generation hardware to meet changing network requirements.
	Concerns about impact of network upgrades on services.	Provision of free replacement of units, to prevent lack of services due to an incompatible product.
Employees	Great career in a positive and motivating work environment underpinned by a supportive culture.	Continuing to focus on developing culture that inspires and motivates staff. Encouraging and offering staff opportunities to progress within the business in new roles/departments, to seek to retain them for the long-term benefit of the business.
	Focus this year on team building and integration of teams working in our two offices, namely in Newtown and Cambridge and those still working remotely.	Actions to retain and support staff included: • Return to the office 5 days a week in our main trading office in Newtown and 3 days a week in the Cambridge office to support collaboration and teamworking. • Whole Group 2 day conference in Newtown with presentations and communication sessions to inform and grow partnerships between remote working and office based teams. • Relationship building through team quizzes and fund-raising activities. • Mental health & wellbeing initiatives including an employee wellbeing solution which saw an improvement in engagement, motivation, teamwork and interaction. • Introduction of recommendations from Investors in Customers, where we were awarded Gold in 2023

Our commitment to our stakeholders (continued)

Suppliers: component suppliers, network providers, installation engineers, distributors, marketing support	Our Suppliers want us to be trustworthy and build long-term mutually beneficial relationships. Maintain our product and ethical standards across our supply chain.	The Group actively looks to create long-term collaborative relationships with key suppliers. The Group expects its suppliers and distributors to demonstrate a culture that reinforces ethical and lawful behaviours and periodically conducts inspection audits at the key assembler in China. An inspection is planned in 2025.
Communities and the environment	Communities want us to act responsibly, to create employment locally to help their communities thrive and reduce environmental impact.	The more successful we can be as a business, the greater difference we can make to our communities. We encourage staff to engage with local charities and in 2021 introduced a donations policy. A number of successful fund-raising events were held during 2024 with good staff engagement in the support of our nominated charity "Montgomeryshire Family Crisis Centre". Vehicle tracking services generally impact driver behaviour and should have a positive impact on the environment. 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, including adapting to environmentally driven changes to vehicles.
	We believe that sustainability and ESG matters, including climate change, are increasing in importance.	The Group engaged with a third-party consultant to improve the processes of capturing, measuring and reporting on its environmental impact.
Shareholders	The major areas raised include: Communication.	The Board is committed to maintaining an appropriate level of communication with shareholders (see section 2 of the Corporate Governance Report) and has issued regular trading updates and held investor presentations and meetings throughout the year.

Our commitment to our stakeholders (continued)

Shareholders (continued)	Corporate governance topics, such as succession planning.	For changes in the Board that took place in 2024 see section 5 of the Corporate Governance Report.
	The composition of the shareholder base, and transferability of shares, the dividend policy.	Shareholder base composition communicated on the website. Clear communication of the dividend policy in the Annual Report and a consistency of approach other than in exceptional circumstances.

We believe we have the right strategy and service in place to deliver strong growth in sales over the medium to long term and to deliver sustainable shareholder value.

The Strategic Report, comprising the Operational Review and Financial Review, and the s172 statement was approved by the Board of Directors and signed on behalf of the Board on 28 February 2025.

Andrew Walters
Executive Chairman

Corporate Governance Report

Chairman's Corporate Governance Statement

All members of the Board believe strongly in the value and importance of good corporate governance and in our accountability to all of Quartix's stakeholders, including shareholders, staff, customers and suppliers. In the statement below, we explain our approach to governance, and how the Board and its committees operate.

The corporate governance framework which the Group operates, including board leadership and effectiveness, board remuneration, and internal control is based upon practices which the Board believes are appropriate for the size, risks, complexity and operations of the business and is reflective of the Group's values. Of the two widely recognised formal codes, we have therefore decided to adhere to the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies. In November 2023 a revised QCA code was released, the key updates include:

- Wider Stakeholder Interests: Enhanced focus on ESG responsibilities and stakeholder engagement (Principle 4).
- Board Composition: Stricter requirements for board independence and diversity (Principles 6 and 7).
- Succession Planning: Emphasis on clear succession strategies (Principle 8).
- Remuneration Policy: New guidelines to align remuneration with long-term value creation (Principle 9).

As is permitted by the guidance set out by the QCA, the transitionary period of 12 months following 1 April 2024 is being utilised to put in place measures to embrace the key updates to the QCA code where possible.

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each. The Board considers that it has complied with the principles of the QCA Code.

Roles and responsibilities of Chairman

Andrew Walters is the Executive Chairman. The Chairman is responsible for running the Board and ultimately for all corporate governance matters affecting the Group.

The Chairman is responsible for leadership of the Board, setting its agenda and monitoring its effectiveness. He ensures effective communication with shareholders and that the Board is aware of the views of major shareholders. He ensures that the Executive Team develop a strategy which is supported by the Board as a whole. The Executive Team are responsible for executing the strategy once agreed by the Board.

Board composition and compliance

The QCA Code requires that the boards of AIM companies have an appropriate balance between Executive and Non-Executive Directors of which at least two should be independent. For the majority of 2024 we satisfied this requirement. In February 2024 a second independent Non-Executive Director was appointed to increase the number of independent Non-Executive Directors from one to two.

Board composition and compliance (continued)
The Independent Non-Executive Directors bring wide and varied commercial experience to the Board and Committee deliberations. They are appointed for an initial three-year term, subject to election by shareholders at the first AGM after their appointment, after which their appointment may be extended subject to mutual agreement and shareholder approval. A Non-Executive Director is typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. Any term renewal is subject to Board review and AGM re-election. The Company remains committed to a Board which has a balanced representation of Executives and Non-Executives.

Board evaluation
We support the QCA Code's principle to review regularly the effectiveness of the Board's performance as a unit, as well as that of its committees and individual Directors. We may consider the use of external facilitators in future board evaluations.

Shareholder engagement
We have made significant efforts to ensure effective engagement with both institutional and private shareholders. In addition to the AGM, we have roadshows with investors and prospective investors to not only share our financial results, but also to share the leadership's future plans and strategy in an open and interactive forum.

The Board is aware that following the introduction of the Markets in Financial Instruments Directive II (MiFID II) regulations at the start of 2018, private investor access to research on public companies has been restricted. We have not commissioned any "paid for" research from third party analysts and have no current intention of doing so.

The Board has ultimate responsibility for reviewing and approving the Annual Report and Accounts and it has considered and endorsed the arrangements for their preparation, under the guidance of its Audit Committee. The Directors confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

10 Principles of the QCA Code

1 Establish a strategy and business model which promote long-term value for shareholders

The Group's main strategic objective is to grow its fleet business and develop the associated recurring revenue by increasing the number of vehicles under subscription.

The value of recurring subscription revenue is the key measure of our performance.

Fleet customers typically use the Group's vehicle telematics services for many years, resulting in low rates of gross attrition. Accordingly, the Group focuses its business model on the development of subscription revenue based on minimal initial commitment from the customer, providing the best return to the Group over the long term.

The key risks and uncertainties we face are included under the Strategic Report: Financial Review.

2 Seek to understand and meet shareholder needs and expectations

Responsibility for investor relations rests with the Executive Chairman. During 2024 the following activities were pursued to develop a good understanding of the needs and expectations of all constituents of the Group's shareholder base:

Date	Description	Participants	Comments
Jan	Trading statement	Board	
Feb	Preliminary results meeting	Executive Chairman	
Mar	Presentations to institutional investors and analysts	Executive Chairman	The Executive Chairman prepares and review with the Board detailed presentations covering the Group's activities over the relevant period and take guidance from the brokers.
Mar	Annual results video	Executive Chairman	Presentations disseminated via website at 7.00 a.m. on morning of results release so all information publicly available to all shareholders and potential investors.
Mar	AGM	Board	All shareholders are invited to attend
Mar	AGM trading statement	Board	
Jul	Trading update statement	Board	
Jul	Interim results presentations to institutional investors and analysts	Chairman	Presentations disseminated via website at 7.00 a.m. on morning of results release so all information publicly available to all shareholders and potential investors.
Jul	Interim results video	Executive Chairman	Video disseminated via website (see above)
Oct	Trading statement	Board	Meetings with key institutional investors held by the Executive Chairman
various	Potential investor meetings	Executive Chairman	Presentation to potential investors

The Group is committed to communicating openly with its shareholders to ensure that its strategy and performance are clearly understood. As illustrated in the table above, we communicate with shareholders throughout the year by various formats. A range of corporate information (including all Quartix announcements) is also available to shareholders, investors and the public on our website.

Private shareholders: The AGM is the principal forum for dialogue with private shareholders and the Board invite all shareholders to attend and participate. The Notice of Meeting is sent to shareholders at least 21 days before the meeting. The chairs of the Board and all committees, together with all other Directors, attend the AGM and are available to answer questions raised by shareholders. Shareholders vote on each resolution and subsequently publish the outcomes on our website.

2 Seek to understand and meet shareholder needs and expectations (continued)

Institutional shareholders: The Directors actively seek to build a mutual understanding of objectives with institutional shareholders. Our Executive Chairman makes presentations to institutional shareholders and analysts immediately following the release of the full-year and half-year results. We communicate with institutional investors frequently through formal meetings. The majority of meetings with shareholders and potential investors are arranged by the broking team within the Group's nominated advisor. Following meetings, the broker provides anonymised feedback to the Board from all fund managers met, from which sentiments, expectations and intentions may be gleaned. In addition, we review analysts' notes to achieve a wide understanding of investors' views. This information is considered by the Board.

3 Take into account wider stakeholder and social responsibilities and their implications for long-term success

Staff – our ability to fulfil customer requirements and execute our strategy relies on having talented and motivated staff.

Reason for engagement: Good two-way communication with staff is a key requirement for high levels of engagement.

How we engage:

- Regular staff briefings via email or video presentation during 2024.
- A Q3 Group wide overnight event held at the main UK office.

These have provided insights that have led to enhancement of management practices and staff incentives.

Customers – our success and competitive advantage are dependent upon fulfilling customer requirements, particularly in relation to quality of service and report reliability.

Reason for engagement: Longevity of customer relationships is a key part of our strategy.

Understanding current and emerging requirements of customers enables us to develop new and enhanced services, together with software to support the fulfilment of those services.

In 2024, Quartix was honoured with the Fleet News Reader Recommended Award, a particularly significant recognition as it was based on an external survey of fleet managers, asking which telematics provider they would recommend. This award is a testament to the exceptional product and customer experience that our customers consistently benefit from.

How we engage:

- We use a tool SimpleSurvey to get a CSAT survey after each closed support case
- Regular customer interviews to gather feedback for product roadmaps
- Annual online customer survey

3 Take into account wider stakeholder and social responsibilities and their implications for long-term success (continued)

Suppliers – We have a range of suppliers including those who provide us with hardware, communication services, installation services and marketing support.

Reason for engagement: Good services from our suppliers are critical to us delivering the data services to our customers.

How we engage:

- Co-ordinate and manage our network of installers to ensure on-time activation of tracking devices.
- Operate systems to ensure that supplier invoices are processed and paid on time.

Shareholders – as a public company we must provide transparent, easy-to-understand and balanced information to ensure support and confidence.

Reason for engagement: Meeting regulatory requirements and understanding shareholder sentiments on the business, its prospects and performance of management.

How we engage:

- Regulatory news releases.
- Keeping the investor relations section of the website up to date.
- Publish videos of investor presentations and interviews.
- Annual and half-year reports and presentations.
- AGM.

We believe we successfully engaged with our shareholders over the past 12 months.

4 Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Group has a risk register that identifies key risks and all members of the Board are provided with a copy of the register. The register, including control mechanisms to mitigate risks, is reviewed by the Board and is updated following each such review.

The key risks and uncertainties are included in the Strategic Report: Financial Review.

Staff are reminded on appointment and on a bi-annual basis that they should seek approval from the Company Secretary if they, or their families, plan to trade in the Group's equities.

5 Maintain the Board as a well-functioning, balanced team led by the chair

The members of the Board have a collective responsibility and legal obligation to promote the interests of the Group and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the Board.

For the majority of 2024, the Board consisted of one Executive and two independent Non-Executives. The following plc Board changes took place in 2024:

- in February 2024 the nominations committee appointed Ian Spence, a second independent Non-Executive Director, to achieve an equally balanced Board of two Executive Directors and two Non-Executive Directors. He subsequently became the Chairman of the Nominations Committee.
- in March 2024 Emily Rees, Executive Director, resigned.

5 Maintain the Board as a well-functioning, balanced team led by the chair (continued)

The Board is supported by three committees: audit, remuneration and nominations committees.

Non-Executive Directors are required to attend 10-12 Board meetings per year (in Cambridge, Newtown and London or remote via telephone call) and to be available at other times as required for face-to-face and telephone meetings with the executive team and investors. In addition, they attend Board committee meetings as required.

Meetings held during 2024 and the attendance of Directors is summarised below:

	Board meetings		Audit Committee		Remuneration Committee		Nominations Committee	
	Held	Present	Held	Present	Held	Present	Held	Present
Executive Directors								
Emily Rees [1]	11	2	2	-	-	-	-	-
Andrew Walters	11	11	-	-	1	1	2	2
Non-Executive Directors								
Alison Seekings	11	11	2	2	1	1	2	2
Ian Spence [2]	11	11	2	2	1	1	2	2

[1] Emily Rees resigned from the board in March 2024
[2] Ian Spence was appointed to the Board in February 2024

The Nominations Committee meets when required in relation to Board appointments. Two meetings were held in 2024. There has been no separate meeting of the Remuneration Committee in 2024 further to the resignation of Emily Rees as Executive Director in March 2024. The Board as a whole retained oversight for ESG.

The Board has a schedule of regular business, financial and operational matters, and each Board committee has compiled a schedule of work to ensure that all areas for which the Board has responsibility are addressed and reviewed during the course of the year. The Chairman is responsible for ensuring that, to inform decision-making, Directors receive accurate, sufficient and timely information. The Finance Director compiles the Board and committee papers which are circulated to Directors prior to meetings. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns minuted and to seek independent advice at the Group's expense where appropriate.

6 Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

All members of the Board bring relevant sector experience in software and business services, governance and finance. The Board believes that its blend of relevant experience, skills and personal qualities and capabilities is sufficient to enable it to successfully execute its strategy. Where relevant, the Directors research relevant information, including online material, and occasionally attend seminars and trade events, to ensure that their knowledge remains current.

Key to committees/roles: E: Executive, N: Nomination, A: Audit, R: Remuneration, C: Chair

6 Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities (continued)

Andrew Walters, Executive Chairman (CR, N)
Background:
Andrew Walters founded Quartix in 2001 with three colleagues. Prior to that he was Managing Director of a subsidiary of Spectris plc for 6 years and had spent 15 years with Schlumberger in the UK and France, where he was Marketing Director of the payphones and smart cards division.

His financial involvement with Quartix is his annual Executive salary and he is a major shareholder in the Company so is not an independent Director.

Current external appointments:
Some voluntary business mentoring for The Prince's Trust.

Skills and experience:
Andrew holds an MA in electrical sciences from the University of Cambridge and developed the Company's UK patent, granted under the Patents Act 1977. He has many years' experience of the vehicle tracking market, having started the company in 2001 with three colleagues, and has been fully engaged in all aspects of the business throughout this time.
Time commitment: 8 days a month

Alison Seekings, Independent Non-Executive Director (CA, N)
Background:
Alison is a senior finance leader with extensive experience of working at board level. She has worked in large professional services firms, formerly with Deloitte and then as a partner with Grant Thornton UK LLP until 2021. Alison has over 30 years' experience of advising boards and supporting companies with their financial strategy and reporting requirements.

Current external appointments:
Alison is the founder of her own consultancy company called Seekings Advisory Limited, and also sits as a non-executive director for Midwich Group plc and a private company Green and Purple Limited and is CFO for RQ Biotechnology Limited.

Skills and experience:
Alison is a qualified chartered accountant and chartered tax adviser and has a degree in Natural Sciences from the University of Cambridge.
Time commitment: 1-2 days a month

Ian Spence, Independent Non-Executive Director (CN, A)
Background:
Ian has more than 25 years' experience in researching and advising companies in the technology sector. Ian started his career in the City as a technology analyst working for, amongst others, Robert W Baird, WestLB Panmure and Bridgewell. He later went on to start Megabuyte, a leading company intelligence platform focusing on UK mid-market tech businesses, where he is currently Executive Chairman.

Current external appointments:
In addition to Megabuyte, Ian's other current roles include Non-Executive Director of Albion Crown VCT PLC, a fund investing in early stage technology companies and Principal at Agnosco Capital Ltd, where he provides research and strategic advice to technology companies and their investors and Director of IS Research Limited.

Skills and experience:
Ian has been recognised as a highly respected financial analyst in the technology sector, having twice been voted as TechMARK Analyst of the Year and recognised by Debretts and The Sunday Times as a top 20 influencer in the UK technology sector. Ian has a degree in Accounting & Finance from Manchester Metropolitan University.
Time commitment: 1-2 days a month

7 Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The focus in 2024 was on Board roles in the context of a Board development plan including a succession plan for Executive Directors. This evaluation was accompanied by a wider review of the levels of investment in the business, as well the senior management posts required to deliver on its the Group's strategy.

8 Promote a corporate culture that is based on ethical values and behaviours

At Quartix we believe the prosperity of our business and of the communities within which we operate requires a commitment to ethical values and behaviours. We have therefore developed policies that enhance all areas of our business in this regard.

Quartix cares about providing a customer experience that is remarkable. We want to keep our customers happy, impressed and reassured. We want to create the positivity that leads to great reviews, repeat purchases and customer referrals. To achieve that, our employees strive to make every interaction a great one. We follow these principles:

Build meaningful connections.
Whilst dealing with any of our stakeholders, be they customers, partners, investors or employees, foremost in our minds is building great, meaningful relationships. We are not a provider of arms-length transactional services; we are here to listen, understand, support and deliver tangible benefits as best we can.

Keep things simple.
Whether it is our processes, communication, hardware or software, we strive to keep things simple. Fewer moving parts make for clearer, more efficient and reliable operations. We don't make our customers jump through hoops to speak to us, nor do we make them study an article to understand its meaning. We get straight to the incoming call, to the email in our inbox, to the point, and provide a fast, helpful and clear response.

Treat everybody the same.
Whoever you talk to, whether internally or externally, their impression of the Quartix service should be the same. We treat everyone equally, with respect, and remain transparent as a business.

Do the right thing
Quartix cares about doing what's best for our customers and for each other. We own problems and solve them, regardless of whether it's our designated responsibility. With or without a corporate process, we will strive to provide a satisfactory solution in every case.

Share your knowledge
Knowledge is valuable. Our customers, prospects and colleagues can all benefit from the knowledge that we have to offer. Quartix and its staff have a whole host of skills, expertise and experience to share with others and we are proud to do so. The culture of the Group is characterised by these values which are communicated to staff through a number of mechanisms.

The Board believes that a culture that is based on the five core values is a competitive advantage and consistent with fulfilment of the Group's execution of its strategy.

9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board provides strategic leadership for the Group and operates within the scope of a robust corporate governance framework. Its purpose is to ensure the delivery of long-term shareholder value, which involves setting the culture, values and practices that operate throughout the business, and defining the strategic goals that the Group implements in its business plans. The Board defines a series of matters reserved for its decision and has delegated some of its responsibilities to relevant Committees. The chair of each committee reports to the Board on the activities of that committee.

The **Audit Committee** monitors the integrity of financial statements, oversees risk management and control, monitors the effectiveness of internal controls and reviews external auditor independence.

Alison Seekings chairs the Audit Committee. The Committee exists to scrutinise and clarify any qualifications, recommendations and observations within the audited accounts and report of the Company's auditor. When satisfied, the Committee presents the audited accounts and report to the Company's Board and reviews the effectiveness of resultant corrective and preventative measures.

The **Remuneration Committee** sets and reviews the compensation of Executive Directors including the setting of targets and performance frameworks for cash and share-based awards.

It acts to ensure sound Corporate Governance with respect to Director and senior management remuneration and meets once or twice in the year, as appropriate. The Committee functions with the objective of attracting, retaining and motivating the executive management of the Company and ensuring they are rewarded in a fair and responsible manner for their contribution to the success of the Group.

The role of the Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairman and Executive Directors, including pension rights and compensation payments. It also recommends and monitors the level and structure of remuneration for senior management. When setting the remuneration policy, the Committee reviews and considers the pay and employment conditions across the Group, especially when determining salary increases.

Andrew Walters chairs the Remuneration Committee and where there is a decision to be made around Andrew Walters own remuneration package, this is reserved for the other members of the remuneration committee to discuss without Andrew Walters present.

The Nominations Committee was chaired by Andrew Walters and is now chaired by Ian Spence following his appointment to the Board. The Committee reviews the structure, size and composition of the Board to ensure the leadership of the Group is the most proficient to facilitate the Group's ability to effectively compete in the marketplace. It makes recommendations to the Board regarding the continued suitability of any Director, the re-election by shareholders of any Director under the 'retirement by rotation' provisions in the Company's Articles of Association, and succession planning for Directors and other Senior Executives.

9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board (continued)

The **Chairman** has overall responsibility for corporate governance and in promoting high standards throughout the Group. He leads and chairs the Board, ensuring that committees are properly structured and operate with appropriate terms of reference, ensures that performance of individual Directors, the Board and its committees are reviewed on a regular basis, leads in the development of strategy and setting objectives, and oversees communication between the Group and its shareholders.

The **Chairman** provides coherent leadership and management of the Group and leads the development of objectives, strategies and performance standards as agreed by the Board. He also monitors, reviews and manages key risks and strategies with the Board, ensures that the assets of the Group are maintained and safeguarded, leads on investor relations activities to ensure communications and the Group's standing with shareholders and financial institutions is maintained, and ensures that the Board is aware of the views and opinions of employees on relevant matters.

At present Andrew Walters fulfils both the role of the Chairman and the CEO on the Board.

The **Executive Director** is responsible for implementing and delivering the strategy and operational decisions agreed by the Board, making operational and financial decisions required in the day-to-day operation of the Group, providing executive leadership to managers, championing the Group's core values and promoting talented management.

The **Independent Non-Executive Directors** contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinise the performance of management, provide constructive challenge to the Executive Directors and ensure that the Group is operating within the governance and risk framework approved by the Board.

The **Company Secretary** is responsible for providing clear and timely information flow to the Board and its committees and supports the Board on matters of corporate governance and risk.

The key matters reserved for the Board are:

- Setting long-term objectives and commercial strategy.
- Approving annual budgets.
- Changing the share capital or corporate structure of the Group.
- Approving half-year and full-year results and reports.
- Approving dividend policy and the declaration of dividends.
- Ensuring a satisfactory dialogue with shareholders.
- Approving major investments, disposals, capital projects or contracts.
- Approving resolutions to be put to general meetings of shareholders and the associated documents or circulars.
- Approving changes to the Board structure.

The Board has approved the adoption of the QCA Code as its governance framework against which this statement has been prepared and will monitor the adoption of the 2023 code and revise its governance framework as appropriate as the Group evolves.

The Board will continue to monitor its governance structures and will take action as appropriate to develop and enhance its governance functions as the Group evolves.

10 Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

In addition to the investor relations activities described previously, the Group communicates its governance and performance with shareholders through the annual report and accounts, half-yearly trading updates, the AGM, and investor meetings. An Audit Committee Report, Directors' Remuneration Report and Environmental, Social and Governance ("ESG") Report are included in the annual report.

Audit Committee Report

For the year ended 31 December 2024, the Audit Committee was chaired by Alison Seekings and membership is limited to the Independent Non-Executive Directors.

The Committee exists to scrutinise and clarify any qualifications, recommendations and observations within the audited accounts and report of the Company's auditor. When satisfied, the Committee presents the audited accounts and report to the Company's Board and reviews the effectiveness of resultant corrective and preventative measures.

Main responsibilities

In performing this function, the key duties of the Committee are to:

- Monitor the integrity of the financial statements of the Group and any formal announcement relating to its financial performance
- With regards to financial reporting, review and challenge the consistency of accounting policies, the use of accounting methods over alternatives, whether the Group has followed appropriate accounting standards, the clarity of disclosure, and all material information relating to the audit and risk management
- Review the basis for the going concern statement in light of the financial plans and reasonably possible scenarios especially considering industry wide and macro-economic factors that could impact the business
- Monitor the adequacy and effectiveness of the Group's internal financial controls, including the internal control and risk management systems.
- Ensure that the Group's arrangements for its employees and contractors to confidentially raise concerns about possible wrongdoing allow proportionate and independent investigation and appropriate follow up action.
- Consider the need to implement an internal audit function.
- Make recommendations to the Board and the Company's shareholders regarding the appointment, re-appointment, and removal of the Company's external auditor. It ensures that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor.
- Oversee the Company's relationship with the external auditor.
- Considering if the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable.

Auditor

PKF Littlejohn LLP (PKF) was reappointed as the Company's auditor at the 2024 AGM. The Audit Committee monitors arrangements to ensure the independence of the auditor. The PKF partner is in their fourth year this year and will retire by rotation after the 2026 AGM. No services other than audit have been provided by PKF or any of its significant affiliates.

The Audit Committee overseas the plan for the statutory audit and reviews the auditor's assessment of the principal risks, proposed scope of work, audit approach and materiality. The Audit Committee has the opportunity to review and challenge the audit plan and discuss the findings arising which includes feedback on the effectiveness of internal controls. The Audit Committee seeks to ensure sufficient rigour is applied during the audit process.

The Audit Committee reviews the Annual Report and Accounts to ensure they are fair, balanced and understandable and that they provide the level of information useful to shareholders to enable them to assess the Company's performance and business model.

Directors' Remuneration Report

The Remuneration Committee functions with the objective of attracting, retaining and motivating the executive management of the Company and ensuring they are rewarded in a fair and responsible manner for their contribution to the success of the Group.

Remuneration of Executive Directors

In 2024, the Executive Directors' remuneration packages comprised of a salary, a performance related bonus scheme and the opportunity to enrol in the Group's selected auto-enrolment pension scheme. See below for a breakdown of the Directors' remuneration packages during the year.

Directors' detailed emoluments and compensation (audited)

				2024 (£)		2023 (£)
		Salary	**Bonus**	**Pension**	**Total**	Total
Executive Directors	Andrew Walters[1]	50,000	-	-	50,000	13,269
	Richard Lilwall[2]	-	-	-	-	170,837
	Emily Rees[3]	118,253	-	1,385	119,638	154,884
	Laura Seffino[4]	-	-	-	-	69,010
		168,253	-	1,385	169,638	408,000
Non-Executive Directors	Paul Boughton[5]	-	-	-	-	72,092
	David Warwick[6]	-	-	-	-	44,000
	Andrew Walters [1]	-	-	-	-	7,077
	Russell Jones[7]	-	-	-	-	45,662
	Alison Seekings[8]	45,000	-	-	45,000	4,269
	Ian Spence[9]	39,058	-	-	39,058	-
		84,058	-	-	84,058	173,100

[1] Retired from Quartix Technologies plc Non-Executive Director role on 24 March 2023 and rejoined the Board as Chairman on 26 September 2023 and became Executive Chairman on 10 October 2023 following Richard Lilwall's resignation
[2] Resigned on 10 October 2023 and highest paid Director for 2023, not included in his salary is £30k gratuity on his resignation
[3] Resigned from the Board on 26 March 2024. Included in both salary figures is a benefit in kind and in 2024 not included in her salary is £25k gratuity on resignation
[4] Stepped down from the Board on 7 July 2023, but remains an employee of the Company
[5] Resigned from the Board on 25 September 2023
[6] Resigned from the Board on 26 November 2023
[7] Resigned from the Board on 26 November 2023
[8] Appointed to the Board on 28 November 2023
[9] Appointed to the Board on 19 December 2024

Directors Bonus Schemes
Further to the resignation of Emily Rees as Executive Director, no director management incentive scheme is operational.

Directors and their interests in shares

		Ordinary shares £0.01 each	
Year ended 31 December		**2024**	2023
Executive Directors			
	Emily Rees	**n/a**	-
	Andrew Walters	**10,861,609**	10,861,609
		10,861,609	10,861,609
Non-Executive Directors			
	Alison Seekings	**-**	-
	Ian Spence	**-**	n/a
		10,861,609	10,861,609

Directors and employees share options
There were no share options granted to Directors of the Company, and no share options exercised or share options outstanding held by Directors of the Company at 31 December 2024.

Non-Executive Directors
A Non-Executive Director is typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. The current Non-Executive Directors have entered into service contracts for a three-year term. Any term renewal is subject to Board review and AGM re-election.

	Date of contract	Unexpired period at date of report
Alison Seekings	28 November 2023	20 months
Ian Spence	19 February 2024	24 months

Andrew Walters
Chairman, Remuneration Committee

Environmental, Social and Governance ("ESG") Report

The Board collectively provide oversight to ensure the Group's strategy and vision are aligned with agreed ESG metrics so Quartix, beyond the core environmental benefits of their product, contribute positively in all territories that it operates.

The Board of Directors reaffirms its unwavering commitment to Environmental, Social, and Governance (ESG) principles in the Group's annual operations. The Group have integrated ESG considerations into its core strategy, risk management, and decision-making processes. The main Board of Directors and the Operating Board provides robust oversight of our sustainability initiatives, ensuring alignment with long-term business objectives. The Group continues to enhance its ESG reporting practices in order to adhere to globally recognized frameworks to provide transparent and accurate disclosures to its stakeholders. The Group remains focused on driving positive environmental and social impact while maintaining the highest standards of corporate governance

Streamlined Energy and Carbon Reporting

2022 was Quartix's baseline for future year-on-year reporting with regard to all ESG KPIs. The carbon reporting included in the report for year ended 31 December 2024 includes Scope 1, direct emissions and Scope 2, indirect emissions from the electricity purchased and used. The Group is actively advancing its efforts to measure and manage Scope 3 and market-based Scope 2 emissions. It is seeking to implement data collection systems and refining methodologies to ensure comprehensive and accurate reporting of its environmental metrics in upcoming annual disclosures. This strategic initiative underscores our commitment to transparency and our dedication to reducing our overall carbon footprint across the value chain where possible.

While Quartix has been awarded the LSE's Green Economy Mark, in recognition of the business generating at least 50% of its total annual revenue from products that contribute towards the transition to a low carbon economy, the Board recognises that there will still be a journey to have a greater focus internally on sustainability, and to minimise Quartix's environmental footprint by reducing carbon emissions.

Streamlined Energy and Carbon Reporting (continued)

The data below relates to UK emissions for the twelve-month period ending 31 December 2024.

		2024	2023	Variance
Energy consumption (kWh) [1]				
Scope 1: Combustion of fuel and operation of facilities	Natural gas	-	-	-
	Direct transport	37,011	47,154	(22%)
	Total Scope 1	37,011	47,154	(22%)
Scope 2: Electricity purchased[3]	Total electricity	98,811	109,652	(10%)
Total scope 1 and 2 energy consumption		135,822	156,806	(13%)
Greenhouse gas (GHG) emissions (tonnes CO2e) [2]				
Scope 1: Combustion of fuel and operation of facilities	Natural gas	-	-	-
	Direct transport	9	11	(22%)
	Total Scope 1	9	11	(22%)
Scope 2: Electricity purchased	Location Based	20	22	(10%)
Location based total scope 1 and 2 emissions		**29**	**33**	**(14%)**
Intensity metric assessment (tonnes CO2e/£m revenue) [1]				
Intensity ratio		0.9	1.1	(20%)

[1] Energy from electricity, natural gas and direct transport fuel have been included. Quartix has used the conversion factors published in the 2024 Defra GHG conversion factors for company reporting for both 2023 and 2024.
[2] We have used the GHG Protocol Corporate Accounting and Reporting Standards (Revised) methodology to calculate our emissions. No mandatory emissions have been excluded.
[3] Where estimates were provided from energy providers in the prior year, this is updated in the current year for actual energy usage.

Social and Community Reporting

Quartix's relationships with employees, suppliers and communities are important factors for how the business operates, with a commitment to creating a great place to work which celebrates diversity and inclusion, and where health and wellbeing is prioritised and able to make a positive difference to the societies in which the business operates.

The business continues to support and develop staff who wish to study for further qualifications. A key focus continues to be in creating a greater curriculum of either external or internal learning and development courses to support staff development. In 2024 the majority of the training hours undertaken by staff was for management training to upskill for development roles and cyber security training. In 2024 the HR team began work on incorporating both internal and external training hours into a training matrix to better report the training hours for appraisal sessions. A better system of capturing all the training is the focus for 2025, to ensure complete coverage of all training sessions booked by managers across the business for staff in their team.

	2024	2023
Staff training hours - external	**575**	700

The business continues to support staff through ongoing mental health support, with a key management group having gone through the i-act mental health and wellbeing programme for understanding and managing mental health and wellbeing in the workplace. Further work on wellbeing across a range of topics are a focus in the medium term in order to support staff further.

Social and Community Reporting (continued)
The business' staff turnover continues to be a focus area in 2025.

As well as supporting Quartix staff, a growing focus is on supporting the communities that Quartix staff operate in. While many staff in the business personally commit voluntary time to community and charitable organisations, there is currently no corporate scheme to facilitate this, though Quartix's Social Committee is looking to review this for the business' main base of operations in Newtown, Wales. The Social Committee is composed of a key group of staff in Newtown that deliver on local and national charity initiatives in order to support communities.

	2024	2023	Variance
Voluntary staff turnover (%)	**18**	17	(1)
Share of temporary staff (%)	**3**	4	1

Governance Reporting
Quartix recognises the importance of strong governance practices in ensuring the long-term success and sustainability of the business. Our governance framework is designed to promote ethical behaviour, accountability, and transparency, and to align the interests of the Company with those of its stakeholders (please refer to the Corporate Governance statement pages 24-25 for more details on this). The Group makes no political contributions.

In addition to the governance provided by the Board, Quartix's executive management team, called the Operations Board, is responsible for the day-to-day operations of the business and implementing the strategies and plans that are approved by the Board of Directors. The team is comprised of experienced and knowledgeable individuals who have a strong track record of delivering results.

Quartix is committed to operating in an ethical and responsible manner and complying with all relevant laws and regulations, and has established an ethics and compliance program to ensure that all employees are aware of their obligations and are equipped to make ethical decisions. The Group has incurred no fines for inappropriate business practices.

Leadership diversity
The Group recognises the importance of diversity in skills, experience, gender, culture and ethnicity in providing strength in leadership. The Board continues to support the leadership and development of the Operations Board and notes the successful promotion and development of individuals into this team. Three out of the nine members of the Operations Board are female. The gender mix of the Board is 67% male/ 33% female from March 2024.

Directors' Report

The Directors present their annual report and the financial statements of the Company for the year ended 31 December 2024.

Principal activity

The principal activity of the Group during the year was the design, development, marketing and delivery of vehicle telematics services. The Group has overseas subsidiaries incorporated in France and the USA and a subsidiary in Germany. The Parent Company is incorporated and domiciled in the UK. The registered office is No.9 Journey Campus, Castle Park, Cambridge, CB3 0AX.

Research and development

Please see the Strategic Report on page 11 for further information about the Group's approach to research and development.

Future developments

The Company's intentions regarding investment and business development can be found under Capacity for future growth on page 12.

Proposed dividend

In the year ending 31 December 2024, the Board paid an interim dividend of 1.50p (2023: 1.50p) per ordinary share. This totalled £0.7m, which was paid on 30 September 2024 to shareholders on the register on 30 August 2024.

The Board is recommending a final dividend of 3.00p per share, with no supplementary dividend, amounting to approximately £1.4m in aggregate and giving a total dividend for the year equivalent to 4.50p per share. If this is approved at the forthcoming AGM on 31 March 2025, the final dividend will be paid on 30 April 2025 to shareholders on the register as at 4 April 2025.

Major interest in shares

On 28 February 2025, the Company had been notified that seven parties had holdings of 3% or more in the ordinary share capital of the Company. The number of ordinary shares and the percentage of the total shares held by each party is outlined below.

	Number of £0.01 shares[1]	% of total
Andrew Walters[2]	10,861,609	22.44
Liontrust Investment Partners LLP	5,617,329	11.61
Sanford Deland Asset Management Ltd	4,440,000	9.18
Charles Stanley Group plc	4,348,427	8.99
Andrew Kirk	4,009,853	8.29
Schroders PLC	3,062,971	6.33
William Hibbert	2,663,000	5.50
Kenneth Giles	1,871,800	3.87

1 Based on the most recent available data to the Company
2 Includes shares held as family interests or by virtue of position as beneficiary or potential beneficiary of certain trusts

Directors

The Non-Executive Directors who held office during the year are listed below:

- Alison Seekings
- Ian Spence (from 19 February 2024)

The Executive Directors who held office during the year are listed below:

- Emily Rees (until 26 March 2024)
- Andrew Walters

All Executive Directors have service agreements with the Company terminable by either party upon the minimum notice period being met. The minimum notice period is 6 months for all Executive Directors.

The Company's Articles of Association require all Directors to stand for re-election each year at the AGM. The next AGM will take place on 31 March 2025.

Going concern

Inflation, increased interest rates and global trade uncertainties continue to adversely disrupt the global economic situation in 2024, in addition to other wider economic factors causing adverse economic pressures. The Company continues to take 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. Included in the going concern assessment, was the review of the cash impact to the business over the next 2 years for the upgrade of units in France from 2G to 4G. In order to minimise the impact of attrition and to manage the cash flow impact of replacing these units over the next 2 years, the Company started in January 2024 to proactively replace the 2G units with 4G units. The replacement provision is expected to result in a reduced dividend per share for the duration of the replacement programme, but the strength of the Group's recurring business model allows the Group to fund this replacement programme from cash reserves, without having to financially leverage itself with a financing alternative from the bank.

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 fleet subscription base while current liabilities include a substantial provision for deferred revenue which is a non-cash item.

In addition to the base case scenario, the Board reviewed a further scenario as part of its going concern assessment. This additional scenario considered the impact on the Group if for both 2025 and 2026 there is a reduction in new unit subscription growth due to a reduction in new business and repeat business from existing customers as the economic pressures in the market dictate they cannot increase their fleet sizes, gross attrition rate increases again as a result of economic pressures in the market resulting in a higher number of customers going bankrupt, or having to reduce their fleet sizes at renewals dates. Additionally, an increase in the inflation has been considered as a sensitivity, given the elevated inflation rate in the UK and businesses being forced to shop around to make more economic decisions for their own profit/cash positions. This scenario was not considered likely but was included in the assessment.

After assessing the forecasts and liquidity of the business, including the going concern scenarios, for the next two calendar years 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.

Directors' responsibilities statements

The Directors are responsible for preparing the Strategic Report, Remuneration Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the consolidated financial statements in accordance with UK-adopted International Accounting Standards (UK-adopted IAS) and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 101 Reduced Disclosure Framework). Under Company Law the Directors must not approve the financial statements unless they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK-adopted IAS have been followed, subject to any material departures disclosed and explained in the consolidated financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Company financial statements

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- • so far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- • the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial risk management policies and objectives

The Group manages its key financial risks as follows. Principal risks and uncertainties are considered in the strategic report on pages 15-16.

Credit risk

The principal credit risk relates to trade receivables and is mitigated, where possible, by third party credit clearance for new customers and collection by direct debit, or similar. The Group seeks to manage credit risk associated with cash deposits by using banks with high credit ratings assigned by international credit rating agencies.

Currency risk

This is managed by seeking to match currency inflows and outflows.

Directors' and officers' liability insurance

The Company maintains insurance cover for the Directors and key personnel against liabilities which may be incurred by them while carrying out their duties.

Auditors

The Directors have individually pursued all steps that they ought to have taken in their roles as Directors to ensure they are aware of any relevant audit information and that such information has been relayed to the Company's auditors. The Directors each confirm that there is no relevant information of which the Company's Auditors are unaware.

The Auditor, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board on 28 February 2025.

Andrew Walters
Executive Chairman

Independent Auditor's Report to the Members of Quartix Technologies plc

Opinion

We have audited the financial statements of Quartix Technologies Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included obtaining a cashflow forecast covering at least a twelve-month period from the approval of the financial statements, holding discussions with management around the sensitivities included within the budget such as unit numbers, attrition rates and price erosion, assessing the reasonableness of projected cashflows and working capital assumptions and critically evaluating the revenue and cost projections by completing sensitivities analysis underlying the cash flow model.

Conclusions relating to going concern (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in the evaluation of the effect of identified misstatements on the audit and of uncorrected misstatement, if any, on the financial statement in forming the opinion in the auditor's report.

We define materiality as the magnitude of misstatement in the financial statements that, individually or in aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. We use materiality in determining the nature, timing and extent of our audit work.

Our overall materiality for the group is £486,000 (2023: £298,400) which represents 1.5% (2023: 1%) of turnover. Turnover is considered to be the most appropriate benchmark because the group is a commercially focussed organisation and turnover is a key financial measure for the directors and shareholders.

Parent overall materiality for Quartix Technologies Plc is £367,000 (2023: £166,000) which represents 1.85% (2023: 1%) of the Parent company's net assets. The benchmark of net assets is chosen because the parent holds subsidiaries and consider the net asset the key financial measure for directors and shareholders.

We set performance materiality at an amount less than the overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Our performance materiality for the group is £364,500 (2023: £223,000), which is 75% (2023: 75%) of overall materiality. Our performance materiality for the parent company is £255,000 (2023: £124,500) which was 70% (2023: 75%) of overall materiality. We have selected 75% and 70% respectively based on our risk assessment of the group and parent company and our assessment of the group's and parent company's control environment.

We report to the directors all corrected and uncorrected misstatements we identified through our audit with a value in excess of £24,300 (2023: £14,920) for the group, and £15,000 (2023: £8,300) for the parent company as well as other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

Our audit is risk based and designed to focus our efforts on the areas of greatest risk and material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

In designing our audit, we determined materiality and assessed the risk of material misstatement in the Group and Parent Company financial statements. We looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, in particular the valuation of goodwill and the valuation of investments in subsidiaries for the parent company. We also assessed the risk of management override of internal controls, among other matters such as revenue recognition (see Key audit matter section below), in consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Of the Group's 5 components, including the Parent Company, 3 of the components were subject to full scope audits for Group purposes. We performed a full scope audit using component materiality on the financial information of Quartix Technologies Plc, Quartix Limited and Quartix SAS.

The remaining components were subject to a specific scope audit. These components contained only balances that eliminated on consolidation, or specific balances material to the Group financial statements. We performed a limited scope review for Quartix Inc and Konetik Deutschland GmbH.

Of the 3 components subject to full scope audits, Quartix SAS was located in France. The component was audited by a firm within the PKF network operating under our instruction. The remaining components were audited directly by the Group audit team. We interacted regularly with the component audit team during all stages of the audit and we were responsible for the scope and direction of the audit process. This gave us appropriate evidence for our opinion on the Group and Parent Company financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our scope addressed this matter**
Revenue Recognition (Notes 1 and 3) We identified revenue recognition as an audit area susceptible to a risk of misstatement due to fraud. As detailed in Notes 1 and 3 to the financial statements, the Group's principal revenue stream relates to the provision of telematics-based fleet and vehicle management solutions to customers. The Group's activities of supplying telematic units and providing telematics services are considered to be a single performance obligation which is satisfied over a period of time. The Group also performs support services. These are considered to be a separate performance obligation for which a separate charge and invoice is raised. Revenue is recognised over the period that services are provided. Given the nature of the Group's revenue being high volume of low value transactions and of high quantum, we identified that revenue was deemed to be a significant risk and a key audit matter.	Our audit work in this area included: • Assessing whether revenue recorded in line with the Group's accounting policy and whether the accounting policy was compliant with International Financial Report Standard 15 *Revenue from Contracts with Customers* (IFRS 15); • Testing a sample of sales invoices and agreeing the numbers of units and contract prices to agreements. In addition, for a sample of selected invoices subsequent cash receipts testing was performed; • Testing credit notes raised post year end to determine if they related to the revenue recognised during the year to ensure revenue recognised during the year was not subsequently being reversed; and • Performing controls testing over data inputs for the invoicing process.

<table>
<tr><th>Key Audit Matter</th><th>How our scope addressed this matter</th></tr>
<tr><td> Deferred Revenue (Note 20)
We identified deferred income as a significant class of transactions where there was risk of material misstatement due to fraud.
As detailed in note 20 to the financial statements, the Group raises invoices in advance and classifies deferred income as contract liabilities.
Under IFRS 15, the Group's activities of supplying telematics units and providing telematics services are considered to be a single performance obligation which is satisfied over a period of time. The deferred income is driven by the contract terms and numbers of units and as a significant balance, presents a risk of material misstatement and as such was deemed to be a significant risk and key audit matter. </td>
<td> Our audit work in this area included:
For fleet customers:

Recalculating, for a sample of sales invoices, the appropriate portion of revenue to defer based on the contractual billing terms agreed with the customer and comparing this to the actual amount deferred.
Validating, on a sample basis, the free periods to customer contracts and performing a recalculation of the adjustment.
Evaluating the effectiveness of the design and implementation of the systems and related controls
</td></tr>
</table>

Key audit matters (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the Group and Parent Company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the Group and Parent Company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Parent Company financial statements, the directors are responsible for assessing the Group and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's responsibilities for the audit of the financial statements (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and Parent Company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and the application of our cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the Group and Parent Company in this regard to be those arising from UK-adopted international accounting standards, Companies Act 2006, AIM Rules for Companies, QCA Corporate Governance Code and the relevant tax compliance regulations in the jurisdictions in which the Group operates.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group and Parent Company with those laws and regulations. These procedures included, but were not limited to:
    - We obtained an understanding of the effectiveness of the Group's overall control environment and policies to monitor controls related to revenue recognition as well as, contract assets and liabilities;
    - We reviewed all the Group's press releases, board minutes and performed a search of any related information in the public domain;
    - In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and financial statements with applicable reporting requirements; and
    - We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that that there was a risk of material misstatement in revenue recognition and deferred income (see Key audit matters section above) as well as the potential for management bias in relation to the valuation of goodwill and we addressed this by challenging the key assumptions and judgements made by management when auditing that significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- As part of our Group audit, we communicated with the component auditors, the fraud risks associated with the Group and the need for the component auditors to address the risk of fraud through their testing. To ensure that this is completed, we have reviewed component auditor working papers in this area and obtained responses to our Group instructions from the component auditor.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Zahir Khaki (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
28 February 2025

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated Statement of Comprehensive Income

Year ended 31 December	Notes	2024 £'000	2023 Before Adjustments £'000	2023 Adjustments £'000	2023 After Adjustments £'000
Revenue	3	**32,402**	29,882	-	29,882
Cost of sales		**(9,886)**	(9,145)	(3,759)	(12,904)
Gross profit		**22,516**	20,737	(3,759)	16,978
Sales & Marketing expenses		**(7,105)**	(6,366)	-	(6,366)
Administrative expenses		**(9,020)**	(9,285)	-	(9,285)
Impairment	11	**-**	-	(2,695)	(2,695)
Fair value gain		**73**	-	312	312
Operating profit/(loss)		**6,464**	5,086	(6,142)	(1,056)
Finance income receivable	7	**2**	10	-	10
Finance costs payable	8	**(153)**	(31)	-	(31)
Profit/(Loss) for the year before taxation	4	**6,313**	5,065	(6,142)	(1,077)
Tax expense	9	**(1,547)**	(771)	940	169
Profit/(Loss) for the year		**4,766**	4,294	(5,202)	(908)
Other Comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operations		**(14)**	43	-	43
Other comprehensive (loss)/income for the year, net of tax		**(14)**	43	-	43
Total comprehensive income attributable to the equity shareholders of Quartix Technologies plc		**4,752**	4,337	(5,202)	(865)
Earnings per ordinary share (pence)	10				
Basic		**9.85**			(1.88)
Diluted		**9.78**			(1.88)

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Consolidated Statement of Financial Position

	Notes	31 Dec 2024 £'000	31 Dec 2023 £'000
Non-current assets			
Goodwill	11	**14,029**	14,029
Property, plant and equipment	13	**560**	684
Deferred tax assets	22	**737**	1,144
Contract cost assets	15	**1,125**	894
Total non-current assets		**16,451**	16,751
Current assets			
Inventories	14	**1,732**	1,411
Contract cost assets	15	**5,045**	4,550
Trade and other receivables	16	**4,115**	4,186
Cash and cash equivalents	17	**3,101**	2,380
Total current assets		**13,993**	12,527
Total assets		**30,444**	29,278
Current liabilities			
Trade and other payables	18	**4,029**	3,955
Provisions	19	**1,203**	2,775
Contract liabilities	20	**3,782**	3,679
Current tax liabilities		**369**	557
		9,383	10,966
Non-current liabilities			
Lease liabilities	21	**411**	520
Non-current provisions	19	**1,048**	1,443
		1,459	1,963
Total liabilities		**10,842**	12,929
Net assets		**19,602**	16,349
Equity			
Share capital	23	**484**	484
Share premium account	23	**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
Total equity attributable to equity shareholders of Quartix Technologies plc		**19,602**	16,349

Approved by the Board of Directors, authorised for issue and signed on behalf of the Board on 28 February 2025.

Andrew Walters
Executive Chairman

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**
Balance at 31 December 2022	**484**	**6,332**	**4,663**	**342**	**(338)**	**9,428**	**20,911**
Shares issued	-	-	-	-	-	-	-
Increase in equity reserve in relation to options issued	-	-	-	78	-	-	**78**
Recycle of equity reserve to P&L	-	-	-	(28)	-	28	**-**
Dividend paid	-	-	-	-	-	(3,775)	**(3,775)**
Transactions with owners	**-**	**-**	**-**	**50**	**-**	**(3,747)**	**(3,697)**
Foreign currency translation differences (note 30)	-	-	-	-	43	-	**43**
Loss for the year	-	-	-	-	-	(908)	**(908)**
Total comprehensive income	**-**	**-**	**-**	**-**	**43**	**(908)**	**(865)**
Balance at 31 December 2023	**484**	**6,332**	**4,663**	**392**	**(295)**	**4,773**	**16,349**
Shares issued	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Increase in equity reserve in relation to options issued and cancelled	-	-	-	(113)	-	66	**(47)**
Recycle of equity reserve to P&L	-	-	-	(116)	-	116	**-**
Dividend paid	-	-	-	-	-	(1,452)	**(1,452)**
Transactions with owners	**-**	**-**	**-**	**(229)**	**-**	**(1,270)**	**(1,499)**
Foreign currency translation differences (note 30)	-	-	-	-	(14)	-	**(14)**
Profit for the year	-	-	-	-	-	4,766	**4,766**
Total comprehensive income	**-**	**-**	**-**	**-**	**(14)**	**4,766**	**4,752**
Balance at 31 December 2024	**484**	**6,332**	**4,663**	**163**	**(309)**	**8,269**	**19,602**

Consolidated Statement of Cash Flows

	Notes	**2024 £'000**	2023 £'000
Cash generated from operations	25	**4,097**	4,465
Taxes paid		**(1,326)**	(1,181)
Cash flow from operating activities		**2,771**	3,284
Investing activities			
Additions to property, plant and equipment		**(28)**	(17)
Interest received	7	**2**	10
Acquisition of subsidiary, net of cash acquired		**(176)**	(1,986)
Cash flow used in investing activities		**(202)**	(1,993)
Cash flow from operating activities after investing activities (free cash flow)		**2,569**	1,291
Financing activities			
Repayment of lease liabilities	26	**(166)**	(172)
Proceeds from share issues		**-**	-
Dividend paid		**(1,452)**	(3,775)
Cash flow used in financing activities		**(1,618)**	(3,947)
Net changes in cash and cash equivalents		**951**	(2,656)
Cash and cash equivalents, beginning of year		**2,380**	5,063
Exchange differences on cash and cash equivalents		**(230)**	(27)
Cash and cash equivalents, end of year	17	**3,101**	2,380

Notes to the Consolidated Financial Statements

1 Summary of significant accounting policies

Basis of accounting

These financial statements are consolidated financial statements for the Group consisting of Quartix Technologies plc, a company registered in the UK, and all its subsidiaries. These consolidated financial statements are for the year ended 31 December 2024 and are prepared in Sterling and are rounded to the nearest thousand pounds (£'000). They have been prepared 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.

These financial statements have been prepared under the historical cost convention. New Standards, Amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

Basis of consolidation

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control is achieved where the Company has the power over an investee entity, exposure or rights to variable returns from the involvement in the investee and the ability to use its power over the investee to affect the amount of the investors returns. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. A list of subsidiaries is included in note 12.

Business combinations

Business combinations are accounted for using the acquisition method under the revised IFRS 3 Business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration agreement. Acquisition costs are expensed within administration expenses as incurred. The Group recognises identifiable assets acquired and liabilities assumed including contingent liabilities in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Going concern

Inflation, increased interest rates and global trade uncertainties continue to adversely disrupt the global economic situation in 2024, in addition to other wider economic factors causing adverse economic pressures. The Company continues to take 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. Included in the going concern assessment, was the review of the cash impact to the business over the next 2 years for the upgrade of units from 2G to 4G in France. In order to minimise the impact of attrition impact and to manage the cash flow impact of replacing these units over the next 2 years, the Company started in January 2024 to proactively replace the 2G units with 4G units in France. The replacement provision is expected to result in a reduced dividend per share for the duration of the replacement programme, but the strength of the Company's recurring business model allows the Company to fund this replacement programme from cash reserves, without having to financially leverage itself with a financing alternative from the bank.

1 Summary of significant accounting policies (continued)

Going concern (continued)

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 fleet subscription base while current liabilities include a substantial provision for deferred revenue which is a non-cash item.

In addition to the base case scenario, the Board reviewed a further scenario as part of its going concern assessment. This additional scenario considered the impact on the Company if for both 2025 and 2026 there is a reduction in new unit subscription growth due to a reduction in new business and repeat business from existing customers as the economic pressures in the market dictate they cannot increase their fleet sizes, gross attrition rate increases again as a result of economic pressures in the market resulting in a higher number of customers going bankrupt, or having to reduce their fleet sizes at renewals dates. Additionally, an increase in the inflation has been considered as a sensitivity, given the elevated inflation rate in the UK and businesses being forced to shop around to make more economic decisions for their own profit/cash positions. This scenario was not considered likely but was included in the assessment.

After assessing the forecasts and liquidity of the business, including the going concern scenarios, for the next two calendar years 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.

Revenue recognition

Revenue is the amount receivable for goods and services, excluding sales taxes, rebates, and trade discounts.

Revenue comprises the provision of telematics-based fleet and vehicle management solutions. Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Under IFRS 15, the Group must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources; and
- it is 'separately' identifiable (i.e. the Group does not provide a significant service integrating, modifying or customising it).

For the adoption of IFRS 15 the Group completed a detailed assessment of its sources of revenue and concluded that the Group's activities of supplying telematics units, installing telematics units and providing telematics services are not distinct and that it has one single performance obligation. Consequently, the Group does not recognise revenue separately for these goods and services; but recognises this revenue together as the provision of vehicle telematics services.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position (see note 20).

If the Group satisfies a performance obligation before it received the consideration, the Group recognises a receivable in its statement of financial position.

Fleet telematic services

Fleet customers enter into contracts typically with a commitment to purchase data services for 12 months. The price is fixed for the contract term. Generally, invoices are raised quarterly in advance, with payment due within 30 days. Quartix satisfies its performance obligations over time as services are rendered.

1 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Fleet telematic services (continued)
If promotional offers include any free months, then total revenue is allocated on a straight line basis over the whole period (including the free period) of data services in accordance with the performance obligations, since the customer benefits from the Group's services evenly throughout the contract term and receives the benefit of the services as they are made available.

Insurance telematic services
For insurance telematic services, the customer commits to purchase data services for 12 months, with revenue recognised over the 12 month period on a straight line basis, since the customer benefits from the Group's services evenly throughout the contract.

Support Services
Quartix performs additional services, such as removing, upgrading or transferring units to alternative vehicles, and theft tracking. These are considered to be separate performance obligations for which a separate charge and invoice is raised. Revenue is recognised once the additional service obligation has been delivered to the customer, at a point in time.

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, the commission costs, equipment costs, installation costs and carriage costs qualify to be accounted for 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.

1 Summary of significant accounting policies (continued)

Intangible assets
Goodwill arising on consolidation represents the excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable assets and liabilities (including intangible assets) of the acquired entity at the date of the acquisition. Goodwill is recognised as an asset and assessed for impairment annually or as triggering events occur. Goodwill arose in 2008 from the acquisition of Quartix Limited, the main trading entity in the Group, which at the time only had commercial fleet operations, therefore the entirety of this goodwill has been allocated to the fleet business for the impairment review. Any impairment is recognised immediately in profit or loss.

Property, plant and equipment
Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Depreciation
Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

- Leasehold properties — The life of the lease
- Office equipment — 25% straight line
- Motor Vehicles — The life of the lease

Research and development
Expenditure on research activities is recognised as an expense in the period in which it is incurred. Costs that are directly attributable to a project's development phase are recognised as internally generated intangible assets, provided they meet all of the following recognition requirements:

- The development costs can be measured reliably
- The project is technically and commercially feasibly
- The Group intends to and has sufficient resources to complete the project
- The Group has the ability to use or sell the software/hardware
- The software/hardware will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on research and development along with an appropriate portion of relevant costs. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment testing of intangible assets and property, plant and equipment
An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles,
such as market and asset-specific risks factors. The cash-generating unit used for the impairment test of goodwill is the fleet business as explained in the Intangible Assets policy above. Goodwill is assessed for impairment at least annually (assessed at each reporting date).

1 Summary of significant accounting policies (continued)

Impairment testing of intangible assets and property, plant and equipment (continued)
Property, plant and equipment are tested for impairment if events or changes in circumstances (assessed at each reporting date) indicate that the carrying amount may not be recoverable.

If a cash-generating unit is impaired, provision is made to reduce the carrying amount of the related assets to their estimated recoverable amount, charged to profit & loss. Impairment losses are allocated firstly against goodwill, and secondly on a pro rata basis against intangibles and other assets.

Leases
For any new lease contract entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset, or restore a property at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It will also be remeasured to reflect any reassessment or modification, or if there are changes in the in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients which are permitted in IFRS 16. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Inventories
Components held for manufacture of vehicle tracking units and units not yet deployed to customers are classified as inventory. Inventories are stated at the lower of cost and net realisable value less provision for obsolete, slow moving or defective items. Cost is based on the cost of purchase on a first in first out basis. Provision against inventories is recognised as an expense in the period in which the write-down or loss occurs.

1 Summary of significant accounting policies (continued)

Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets and are recognised to the extent that it is regarded as more likely than not that they will be recovered from future trading profits, which for the first time in 2022 included the recognition of a deferred tax asset for the utilisation of tax losses in the US business.

Deferred tax liabilities are provided in full, with no discounting. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, other comprehensive income or equity as appropriate.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets
The Group has reviewed its business model for its financial assets, which comprise only basic loans and receivables, and concluded that they are held for collecting contractual associated cash flows. Under IFRS 9 loans and receivables, are initially recognised at fair value and will subsequently be measured at amortised cost.

The Group makes use of a simplified approach in accounting for trade and other receivables and record the loss allowance as lifetime expected credits. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis. Since they have similar credit risk characteristics, they are grouped based on the number of days past their due date. Refer to note 16 for an analysis of how the impairment requirements of IFRS 9 are applied.

The Group will recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with IFRS 9.

Financial liabilities
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recorded initially at fair value and subsequently at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the profit and loss. A financial liability is derecognised when the obligation is extinguished.

1 Summary of significant accounting policies (continued)

Provisions, contingent assets and contingent liabilities
Provisions for product warranties and replacement of units are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probably that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. The timing or amount of the outflow might be uncertain.

In line with IAS 37, provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date.

Equity
Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium account" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- “Capital redemption reserve” represents the amount by which the Company's issued share capital is diminished when shares are redeemed or purchased wholly out of the Company's profits.
- “Equity reserve” is used to reflect the expenses associated with granting share options to employees and the issue of warrants.
- “Translation reserve” represents the exchange difference arising on the consolidation of foreign operations.
- "Retained earnings" represents retained profits.

Dividends
Dividends attributable to the equity holders of the Company approved for payment during the year are recognised directly in equity.

Foreign currencies
The Parent Company's functional currency is Sterling. Quartix Inc has a functional currency of US Dollars. Quartix SAS and Konetik have a functional currency of Euros.

The consolidated financial statements are presented in Sterling, which is the Group’s presentation currency. Transactions in foreign currencies are translated into the respective currencies of Group companies at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date.

Foreign exchange differences arising on translation of monetary assets and liabilities are recognised in the Consolidated Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured at historical costs in a foreign currency are translated using the exchange rates at the dates for the transactions.

Income and expenses for all the Group entities that have a functional currency other than Sterling are translated at the average rate prevailing in the month of the transaction. The assets and liabilities are retranslated at the closing exchange rate at the reporting date.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognised in the translation reserve, as a separate component of equity.

1 Summary of significant accounting policies (continued)

Employee benefits

The company participates in the Royal London pension scheme for UK employees and Malakoff Humanis for those in France which are defined contribution pension schemes. Contributions to defined contribution pension schemes are recognised as an employee benefit expense within personnel expenses in the income statement, as incurred. Other employee benefits including holiday pay, company sick pay and a range of tailored incentive schemes, some of which include the grant of share options, are recognised in the period that related employee services are received.

Employee benefits: share based payments

The Group operates several employee share schemes for employees of its UK trading subsidiary under which it makes equity-settled and cash-settled share-based payments.

Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is assessed at the grant date, for the schemes where there are no market performance conditions using the Black-Scholes model, which excludes the impact of non-market vesting conditions. Under a share scheme where there are market performance conditions, the binomial option pricing model has been used which includes the impact of market vesting conditions (such as the growth in the share price).

All equity-settled share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

2 Key judgements and estimates

The Group make estimates and assumptions regarding the future. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

Key judgement: capitalisation of development costs

The point at which development costs meet the criteria for capitalisation is critically dependent on management's judgment of the point at which development projects become technically and commercially feasible. No development expenditure was capitalised in the year ended 31 December 2024. The research and development expenditure primarily related to the on-going research work on the Group's existing vehicle telematics services to ensure that the functionality is maintained. The research work undertaken may successfully come to fruition in the development of a marketable service or technology, but this development work cannot be identified or separated from the research work and therefore the entire expenditure has been expensed in the year. See the Strategic Report on page 11 for further information about the Group's approach to research and development.

Key judgement: timing of revenue recognition

The Group's judgement continues to be that supplying telematics units, installing telematics units and the provision of data services are a single performance obligation, under contracts with customers.

The performance obligations are satisfied over time, since the Group has the obligation to deliver the data services for the contract term. Customers simultaneously receive and consume the benefits of the tracking services as Quartix delivers its performance obligation.

2 Key judgements and estimates (continued)

Key judgement: timing of revenue recognition (continued)
Where customer contracts are structured so that tracking units and installations are separately identified, the Group recognises this revenue as part of the single performance obligation of delivering tracking services.

Key judgement: capitalisation of costs to fulfil a customer contract
Judgement is applied by the Group when determining what costs qualify to be capitalised and when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable. For example, the Group considers which type of sales commissions are incremental to the cost of obtaining specific contracts and the point in time when the costs will be capitalised.

Key judgement: Carrying value of goodwill and other intangible assets
The impairment analysis of intangible assets is based on the higher of fair value less costs to sell (where reliable data is available) and future discounted cash flows. In the case the latter, several assumptions are made to estimate the future cash flows expected to arise from the cash generating unit as well as a suitable discount rate to calculate present value. Factors like anticipated sales and net cash flows and changes in discount rates could lead to impairment. For details of assumptions see note 11.

Key judgement: assessment of 4G upgrade provision
The calculation of the upgrade provision to 4G units in both US and France is based on some inputs that are verifiable, and other inputs that are based on internal management assumptions including a discount rate of 4.5% and carries deferred tax at 25% of the provision balance included in deferred tax assets at the year end. Changes in the time to complete the upgrade, the unit costs, the mix of installed units verses self-install units could change the total provision estimate. For details of assumptions see note 19.

Key judgement: assessment of discontinued operation recognition
The Group has not recognised any discontinued operations in the current financial statements as none of our business components meet the criteria for classification as discontinued operations under IFRS 5: Held for sale. Despite Konetik being a stand-alone entity with its own distinguishable assets and liabilities, it was not considered a major line of business, given its percentage of the group on a net profit, net assets and headcount level was all less than 10%. As a result, Management concluded that the closing down of Konetik did not meet the criteria for discontinued operation disclosure in line with IFRS 5.

3 Revenue

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

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

3 Revenue (continued)

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 (see note 20). Changes to the Group's contract liabilities (i.e. deferred revenue) are attributable solely to the satisfaction of performance obligations.

4 Profit/(loss) for the year before taxation

The profit/(loss) for the year for the Group is stated after charging/(crediting):

	2024	2023
	£'000	£'000
Research and development expenses	**864**	1,073
Replacement unit provision recognition	**-**	3,697
Rentals under short term lease agreements:		
Other leases	**22**	21
Land and buildings	**4**	24
Depreciation on property, plant and equipment, owned	**47**	76
Depreciation on property, plant and equipment, right of use	**147**	157
Share-based payment (credit) / expense	**(47)**	78
Foreign exchange (gains) / losses	**(4)**	165
Expected credit loss (credit) / charge	**(45)**	92
Impairment of intangible asset	**-**	2,695
Fair value gain on deferred consideration	**(73)**	(312)
Audit services:		
Fees paid to Company's auditor and its associates for the audit of the Company and consolidated financial statements	**36**	36
The audit of the Company's subsidiary pursuant to legislation	**80**	79
Other services	**-**	-

Earnings before interest, tax, depreciation and amortisation (EBITDA):

	2024	2023
	£'000	£'000
Operating profit	**6,464**	(1,056)
Depreciation on property, plant and equipment, owned	**47**	76
Depreciation on property, plant and equipment, right of use	**147**	157
EBITDA	**6,658**	(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 provision for France	**-**	3,759
Adjusted EBITDA	**6,538**	5,397

5 Employee remuneration

Staff costs, including Directors, during the year were as follows:

	2024	2023
	£'000	£'000
Wages and salaries	**7,036**	7,637
Social security costs	**1,005**	985
Contributions to defined contribution pension plan	**278**	245
Share-based payment	**(47)**	78
	8,272	8,945

5 Employee remuneration (continued)

The average number of employees, including all Directors, during the year was as follows:

	2024	2023
Administration	**21**	24
Operations	**22**	17
Sales	**62**	68
Customer service	**40**	49
Research and development	**28**	29
	173	187

6 Key management remuneration and Directors' remuneration

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any Directors (whether Executive or otherwise) of the entity. For 2024, the Group identified eleven such individuals: one Executive Director, two Non-Executive Directors, and eight members of Senior Management. In 2023, the Group identified eleven such individuals: three Executive Directors, three Non-Executive Directors, and five members of Senior Management.

	2024 £'000	2023 £'000
Wages and salaries	**1,114**	1,117
Social security costs	**165**	162
Contributions to defined contribution pension plan	**33**	26
Share-based payment	**(47)**	73
Total employee benefits	**1,265**	1,378

Included in the payroll costs for the year is a gratuity payment of £25k to an executive director on their resignation from the Group in 2024 (2023: £30k).

Details of Directors' remuneration and the highest paid Director is disclosed on page 33.

The Group participates in the Royal London pension scheme for UK employees and Malakoff Humanis a French compulsory pension scheme for those in France. No Director was a member of any other pension scheme or other post-employment benefit to which the Group contributed in either the current or the prior years.

The following relates to key management, including Directors:

	2024	2023
Share based payment charge: equity options (£'000)	**(47)**	73
Equity settled share options held	**120,938**	413,187
Shares held	**11,119,567**	11,123,140

Included in above relating only to Directors of Quartix Technologies plc are:

	2024	2023
Share based payment charge: equity options (£'000)	**(82)**	73
Equity settled share options held	**-**	106,000
Shares held	**10,861,609**	10,861,609

There were 37,218 options granted to Directors in 2024 (2023: nil). See note 24 for the assumptions used in the valuation of the share options granted in the year. No share options were exercised in 2024.

7 Finance income receivable

	2024 £'000	2023 £'000
Bank interest	**2**	10

8 Finance costs payable

	2024 £'000	2023 £'000
Lease interest expense	**26**	31
Discount on provision (note 19)	**127**	-
	153	31

9 Tax expense

	2024	2023
Analysis of tax charge in the year	**£'000**	£'000
Current tax		
UK corporation tax charge on profit for the year	**1,091**	1,000
Adjustments in respect of prior periods	**49**	(152)
Total corporation tax	**1,140**	848
Deferred tax		
Origination and reversal of temporary differences	**407**	(1,017)
Adjustments in respect of prior periods	**-**	-
Total deferred tax	**407**	(1,017)
Tax on profit/(loss) of ordinary activities	**1,547**	(169)

The relationship between the expected tax expense based on an effective tax rate of the Group of 25% (2023: 23.5%), being the UK rate of corporation tax for the year, and the tax expense actually recognised in profit or loss can be reconciled as follows:

	2024 £'000	2023 £'000
Result for the year before taxation	**6,313**	(1,077)
Tax rate (%)	**25.0**	23.5
Expected tax expense	**1,578**	(253)
Adjustments to tax charge in respect of prior periods*	**49**	(152)
Losses not recognised in Germany	**81**	-
Expenses not deductible for tax purposes	**(51)**	17
Impairment of intangibles not deductible	**-**	601
Temporary differences not recognised in computation	**35**	(153)
Research and development tax credit	**(145)**	(231)
Remeasurement of deferred tax	**-**	2
Tax on profit on ordinary activities	**1,547**	(169)
Effective rate of tax	**24.5%**	15.7%

10 Earnings per share and dividends

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.

	Profits/(Loss) attributable to shareholders £'000	Weighted average number of shares	Basic profit per share amount in pence	Fully diluted weighted average number of shares	Diluted earnings per share amount in pence
Earnings per ordinary share					
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)
Adjusted earnings per ordinary share					
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.

Dividends

During the year ended 31 December 2024, the Group paid interim dividends of £0.7m (2023: £0.7m), equivalent to 1.50p per share (2023: 1.50p per share). There was no supplementary interim dividend (2023: nil).

Details of dividends the Board is recommending for approval at the AGM are included in the Directors' Report on page 38. As the distribution of dividends require approval at the Annual General Meeting, no liability in this respect is recognised in the 2024 consolidated financial statements.

11 Goodwill

	Goodwill on consolidation £'000
Cost and net book value	
At 1 January 2023	14,029
Goodwill recognised on acquisition	2,464
Impairment on goodwill	(2,464)
At 31 December 2023	14,029
At 31 December 2024	**14,029**

Goodwill is recognised as an asset and assessed for impairment annually or where there is indication of impairment. Any impairment is recognised immediately in profit or loss (see note 1).

11 Goodwill (continued)

Goodwill arose on the consolidation of the Group following the acquisition of Quartix Limited in 2008. Goodwill also arose on the on the acquisition of Konetik Deutschland GmbH in 2023 and was immediately fully impaired. In the prior year £2.5m in relation to the goodwill and £0.2m in relation to technology recognised on acquisition were both fully impaired.

The Group considers the fleet business of Quartix Limited to be the sole cash-generating unit (CGU) for the assessment of goodwill recognised on acquisition of Quartix Limited (see Intangible Assets policy included in note 1). The Group has determined its recoverable amount based on value in use calculations. The value in use was derived from discounted management cash flow forecasts for the business, using the budgets and strategic plans based on past performance and expectations for the market development of the CGU, incorporating an appropriate business risk and covering a total of four future years. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period based on industry sector forecasts.

These budgets and strategic plans cover a four-year period. The growth rate in years one and two were based on detailed management expectations. The growth rate used for the third and fourth year is 5% which is based on actual revenue growth in recent years and the size of the remaining potential addressable market. The discount rate used is Group's weighted average cost of capital of 5.9% which is based on UK market return data and the volatility of the company's share price. Sensitivity analysis is carried out on all budgets, strategic plans and discount rates used in the calculations. The estimate of the recoverable amount for the cash generating unit is not particularly sensitive to the discount rate.

Management's key assumptions are based on past experience and the current trading performance of the CGU. These value in use calculations, including sensitivity analysis, have not identified any requirement for impairment of the goodwill associated with the acquisition of Quartix Limited by Quartix Technologies plc. Management was not aware of any probable changes that would necessitate changes in key estimates that indicate any impairment sensitivity on the assessment of goodwill associated with the fleet business of Quartix. The goodwill recognised on the acquisition of Quartix Limited will continue to be reviewed annually for impairment.

12 Subsidiaries

As at the 31 December 2024 the subsidiaries of the Group were:

Subsidiary	Quartix Ltd	Quartix Inc	Quartix SAS	Konetik Deutschland GmbH
Country of registration	England & Wales	USA	France	Germany
Registered office	New Church Street, Newtown, Powys SY16 1AF	901 2nd Street, Springfield, Sangamon IL 62704-7909 USA	10 Rue du Colisee, 75008 Paris, France.	Akazienstr. 3A 10823, Berlin, Germany.
Class of share capital held	Ordinary shares	Common shares	Common shares	Ordinary shares
Shares held by the Company	100%	100%	0.1%	-
Shares held by the Group	100%	100%	100%	100%
Nature of the business	Vehicle Tracking	Vehicle Tracking	Vehicle Tracking	Software development

13 Property, plant and equipment

	Leasehold properties £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost:				
At 1 January 2023	845	855	165	1,865
Additions	55	17	-	72
Disposals	-	(2)	-	(2)
Foreign exchange	-	-	-	-
At 31 December 2023	**900**	**870**	**165**	**1,935**
Additions	-	11	62	73
Disposals	-	(1)	-	(1)
Foreign exchange	-	-	-	-
At 31 December 2024	**900**	**880**	**227**	**2,007**
Depreciation:				
At 1 January 2023	269	710	41	1,020
Charge for the year	104	77	52	233
Disposals	-	-	-	-
Foreign exchange	-	-	(2)	(2)
At 31 December 2023	**373**	**787**	**91**	**1,251**
Charge for the year	106	43	45	194
Disposals	-	-	-	-
Foreign exchange	-	-	2	2
At 31 December 2024	**479**	**830**	**138**	**1,447**
Net book amount:				
At 31 December 2024	**421**	**50**	**89**	**560**
At 31 December 2023	527	83	74	684
At 31 December 2022	576	145	124	845

14 Inventories

Components held for manufacture of vehicle tracking units and units not yet deployed to customers:

	2024 £'000	2023 £'000
Raw materials	**909**	927
Work in progress	**252**	45
Finished goods and goods for resale	**571**	439
	1,732	1,411

Included in the analysis above are impairment provisions against inventory amounting to £240k (2023: £81k). The cost of vehicle tracking units are recognised as an expense and included in "cost of sales" amounted to £4.6m (2023: £3.2m).

15 Contract cost assets

Contract cost assets represents the costs incurred at the inception of a contract, that are directly incidental to the contract. The costs are recognised on a straight line basis over the contract term, since the customer benefits from the Group's services evenly throughout the contract term and receives the benefit of the services as they are made available:

Contract asset costs are presented in the statement of financial position as follows:

	2024	2023
	£'000	£'000
Current contract cost assets	**5,045**	4,550
Non-current contract cost assets	**1,125**	894
Total contract cost assets	**6,170**	5,444

Contract cost assets comprises the following cost categories:

	2024	2023
	£'000	£'000
Equipment hardware	**2,991**	2,876
Commissions	**1,749**	1,335
Installation	**1,082**	945
Carriage	**348**	288
	6,170	5,444

- Equipment cost relates to the tracker unit hardware that customers need to install in their vehicles and are a prerequisite to enable Quartix to capture the data on the vehicle, in order to deliver the data services.
- Commissions incurred in winning customer contracts.
- Installation costs for tracker unit hardware relating to new unit subscriptions.
- Carriage costs associated with the delivery of equipment hardware for new unit subscriptions.

The amortisation of the Group's contract cost assets are attributable solely to the satisfaction of performance obligations. The increase in contract costs assets was due to both the growth in new unit subscriptions and the increase in equipment hardware costs.

	2024	2023
	£'000	£'000
Contract costs assets at 1 January	**5,444**	4,288
Contract costs assets amortised in the period	**(6,800)**	(5,920)
Contract costs capitalised in the period	**7,526**	7,073
Foreign exchange	**-**	3
Contract costs assets at 31 December	**6,170**	5,444

16 Trade and other receivables

	2024	2023
	£'000	£,000
Trade receivables	**3,701**	3,572
Other receivables	**3**	74
Prepayments and accrued income	**411**	540
	4,115	4,186

16 Trade and other receivables (continued)

All the amounts are due within one year. Trade receivables are measured initially at fair value and subsequently at amortised cost. At each period end, there is an assessment of the expected credit loss in accordance with IFRS 9 with any increase or reduction in the credit loss provision charged or released to administration costs in the statement of comprehensive income.

The loss allowance for expected credit losses has been recorded as follows.

	2024	2023
	£'000	£'000
Loss allowance at 1 January	**294**	204
(Decrease)/increase in loss allowance	**(45)**	92
Foreign exchange	**(2)**	(2)
Loss allowance at 31 December	**247**	294

As explained in note 30, the Group's trade receivables arise from transactions that do not contain a significant financing component, therefore the loss allowance is always measured at an amount equal to lifetime expected credit losses.

The expected credit loss for trade receivable balances overdue at 31 December was determined as follows:

	2024	2023
	£'000	£'000
Not more than one month	**432**	548
More than one month	**156**	455
	588	1,003

17 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2024	2023
	£'000	£'000
Cash at bank and in hand	**3,101**	2,380

18 Trade and other payables

Amounts falling due within one year:

	2024	2023
	£'000	£'000
Trade payables	**1,978**	1,913
Social security and other taxes	**724**	707
Other payables	**67**	99
Deferred consideration for the acquisition of Konetik*	**-**	291
Accruals	**1,112**	805
Lease liabilities (see note 21)	**148**	140
	4,029	3,955

*Of the balance due at 31 December 2023, £0.1m had been due after more than one year but was not split on the face of the statement of financial position due to the non-current element being immaterial.

19 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)
Carrying amount at 31 December 2023	**4,134**	**84**	**4,218**
Amount utilised	(1,337)	(55)	(1,392)
Decrease in provision on re-estimate	(561)	-	(561)
Unwinding of discount	127	-	127
Foreign exchange	(141)	-	(141)
Carrying amount at 31 December 2024	**2,222**	**29**	**2,251**
Current provisions	1,174	29	1,203
Non-current provisions	1,048	-	1,048
	2,222	**29**	**2,251**

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 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.

20 Contract liabilities

	2024 £'000	2023 £'000
Deferred insurance tracking data services income	**2**	135
Deferred fleet tracking data services income	**3,780**	3,544
	3,782	3,679

Deferred tracking data services income represents customer payments received in advance of performance (contract liabilities) that are expected to be recognised as revenue in future years, as described in note 1.

20 Contract liabilities (continued)

- Under insurance contracts, the customer commits to purchase data services for 12 months. Quartix raises a single invoice upon installation and recognises revenue over 12 months on a straight-line basis, since the customer benefits from the Group's services evenly throughout the contract term and receives the benefit of the services as they are made available.
- Fleet customers enter into contracts typically with a commitment to purchase data services for 12-36 months and are generally invoiced quarterly in advance and recognises revenue over the period covered by the invoice, as the performance obligations are satisfied.

The amounts recognised as a contract liability will generally be utilised within the next reporting period.

Changes to the Group's contract liabilities (i.e. deferred revenue) are attributable solely to the satisfaction of performance obligations.

	2024	2023
	£'000	£'000
Contract liabilities at 1 January	**3,679**	3,499
Contract liabilities released to revenue in the period	**(3,566)**	(3,526)
Contract revenue deferred in the period	**3,669**	3,706
Contract liabilities at 31 December	**3,782**	3,679

21 Lease liabilities

The Group has leases for the property it occupies and motor vehicles. With the exception of short-term leases and leases considered to be of a low value, each lease is reflected on the balance sheet as a right of use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment for presentation purposes.

Included in the net carrying amount and depreciation provided for in the year of property, plant and equipment (note 13) are right-of-use assets as follows:

	2024	2023
Right-of-use asset carrying amounts	**£'000**	£'000
Property	**420**	525
Motor Vehicles	**70**	74
Total	**490**	599
Depreciation		
Property	**106**	105
Motor Vehicles	**41**	52
Total	**147**	157

Each lease imposes a restriction that the right-of-use asset can only be used by the Group. Some leases have a break clause; however, the majority are either non-cancellable or may only be cancelled by incurring a substantial termination fee.

The Group is prohibited from selling or pledging the underlying leased assets as security. For the property leases, the Group must keep the property in a good state of repair and return the properties in their original state at the end of the lease. Furthermore, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

21 Lease liabilities (continued)

Lease liabilities are presented in the statement of financial position as follows:

	2024	2023
	£'000	£'000
Current lease liabilities (see note 18)	**148**	140
Non-current lease liabilities	**411**	520
Total lease liabilities	**559**	660

Future minimum lease payments at 31 December 2024 were as follows:

	Minimum lease payments due			
	Within 1 year	**1 to 5 years**	**After 5 years**	**Total**
31 December 2024	£000	£000	£000	£000
Lease payments	169	446	-	615
Finance charges	(21)	(35)	-	(56)
Net present value	148	411	-	559
31 December 2023				
Lease payments	166	478	96	740
Finance charges	(26)	(52)	(2)	(80)
Net present value	140	426	94	660

Total cash outflow for the year ended 31 December 2024 was £166,000 (2023: £172,000).

Lease payments not recognised as a liability:
The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or leases considered to be low value. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability at 31 December 2024 was £26,000 (2023: £45,000). At the year end the Group was committed to short-term leases and the total commitment at that date was nil (2023: £5,000).

22 Deferred tax

Deferred tax assets/(liabilities) recognised by the Group at 31 December 2024 and 31 December 2023 are as follows:

	2024	2023
Deferred tax asset/(liability)	**£'000**	£'000
Accelerated Capital Allowances	**(11)**	(20)
Right of Use Asset (IFRS 16)	**(123)**	(149)
Lease Liability (IFRS 16)	**140**	166
Short term temporary differences	**728**	1,147
Equity settled share options	**3**	-
	737	1,144

22 Deferred tax (continued)

	2024 £'000	2023 £'000
(Credit)/charge to profit and loss		
Accelerated Capital Allowances	**(8)**	(35)
Short term temporary differences	**417**	(1,003)
Equity settled share options	**(2)**	21
Total (see note 9)	**407**	(1,017)

Included in the 2024 deferred tax balance is $123k for the provision of tax losses related to the US business (2023: $222k).

23 Equity

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

No shares were issued in the year to 31 December 2024 (2023: none).

24 Share-based payment

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
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).

24 Share based payments (continued)

At 31 December Quartix Technologies plc had the following outstanding equity-settled options and exercise prices:

2024 **Period when exercisable**	**Expiry dates**	**Average exercise price per share in pence**	**Options number**	**Weighted average remaining contractual life in months**
Starting from March 2020	31 March 2026	270.0	29,320	15
Starting October 2020	30 September 2025	335.0	25,000	9
Starting from May 2022	1 May 2026	291.0	111,300	16
Starting from March 2023	1 December 2025	1.0	828	11
Starting May 2024	3 May 2025	1.0	37,218	4
		239.2	**203,666**	**12.8**

2023 **Period when exercisable**	**Expiry dates**	**Average exercise price per share in pence**	**Options number**	**Weighted average remaining contractual life in months**
Starting from March 2019	31 March 2025	360.0	74,965	15
Starting from March 2020	31 March 2024	270.0	323,627	3
Starting from March 2020	31 March 2026	270.0	29,320	27
Starting October 2020	30 September 2025	335.0	25,000	21
Starting from May 2022	1 May 2026	291.0	111,300	28
Starting from March 2023	1 December 2025	1.0	1,104	23
Starting April 2024	20 December 2032	1.0	106,000	108
		243.0	**671,316**	**26.8**

The fair value of equity-settled share-based payments, without a market based performance condition, have been calculated using the Black-Scholes option pricing model. Expected volatility was determined based on the historic volatility of the Group's share price. The expected life is the expected period from grant to exercise based on management's best estimate.

The risk-free return is based on UK Government gilt yields at the time of the grant.

The following assumptions were used in the model for equity-settled options granted during the year ended 31 December 2024:

Number granted	**37,218**
Grant date	**May 24**
Share price at grant date (pence)	**160**
Exercise price (pence)	**1.0**
Fair value per option (pence)	**135**
Expected life in years	**1.0**
Expected volatility (%)	**49.9**
Risk-free interest rate (%)	**3.9**
Dividend yield (%)	**2.8**

25 Notes to the cash flow statement

Cash flow adjustments and changes in working capital

	Notes	2024 £'000	2023 £'000
Profit/(loss) before tax		**6,313**	(1,077)
Foreign exchange		**304**	25
Depreciation	4, 13	**194**	233
Interest income	7	**(2)**	(10)
Lease interest expense	8	**26**	31
Share based payment expense		**(47)**	78
Impairment	11	**(204)**	2,695
Operating cash flow before movement in working capital		**6,584**	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
Cash generated from operations		**4,097**	4,465

26 Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities, is entirely as a result of lease liabilities which is as follows:

	2024 £'000	2023 £'000
1 January	**660**	748
Non-cash: Additions	**65**	84
Cash-flows: Repayment	**(166)**	(172)
31 December (see note 21)	**559**	660

27 Related party transactions and controlling related party

The Group's related parties comprise its Board of Directors and its key management (see note 6). There were no related party transactions with Directors to disclose other than dividends received based on shareholdings disclosed in the Directors' Remuneration Report on page 34 and note 6.

The Directors consider the Board and shareholding structure to mean there is no directly identifiable controlling party.

28 Purchase commitments and contingent liabilities

Quartix Limited has signed agreements with suppliers which commit the Group to purchase inventory to the value of £0.4m (2023: £0.9m).

There was no short term lease commitment at year end (2023: £5k rental on a property).

There were no other financial commitments or contingent liabilities at 31 December 2024 or 31 December 2023.

29 Capital commitments

The Group had no capital commitments as at 31 December 2023 or 31 December 2022.

30 Risk management objectives and policies

Financial instruments

The Group uses various financial instruments; these include cash deposits and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations and manage working capital.

The main risks arising from the Group's financial instruments are credit risk and currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the Statement of Financial Position date, as summarised below:

	2024	2023
	£'000	£'000
Financial assets		
Trade receivables and other receivables	**3,704**	3,646
Cash and cash equivalents	**3,101**	2,380
	6,805	6,026

The Group's principal financial assets are cash deposits and trade receivables. Risks associated with cash deposits are limited as the banks used have high credit ratings assigned by international credit rating agencies.

The principal credit risk relates to trade receivables and is mitigated, where possible, by third party credit clearance for new customers and collection by direct debit, or similar. The Group has established credit control procedures to undertake various tasks at different stages as invoices move further from their issue date. At 45 days past due date, the credit risk is believed to have increased substantially and customers are included in the loss allowance assessment.

The Group uses the practical expedient in the calculation of the expected credit losses on all its trade receivables using a provision matrix, to estimate the lifetime expected credit losses, with fixed provision rates, based on its historical credit loss experience adjusted where possible for current observable data. The Group uses such data to make reasonable forward-looking estimates of recoverability.

The Group continues to work with customers to recover trade receivables and may take legal action or use third-party collection specialists where necessary. Only after these steps have been completed and there is no reasonable expectation of recovery, would the receivable be written off.

Currency risk

The Group is exposed to transaction foreign exchange risk as a consequence of procuring tracking unit components in both euros and dollars. The risk with the Euro has been mitigated by trading in France which generates enough Euros to cover the Group's needs. Whilst the Group also trades in the US, in 2024, the Group purchased about $3.0m, primarily to purchase components for the vehicle tracking units (2023: $1.2m).

Transaction exposures, including those associated with forecast transactions, are managed through the use of bank accounts held in foreign currencies.

30 Risk management objectives and policies (continued)

Currency risk (continued)

It is estimated that a 5.0% strengthening of Pound Sterling to the US dollar would have Increased net profit by £109,900and vice versa (2023: £194,000). (This is assuming that Dollar denominated prices do not adjust for currency movements.)

It is estimated that a 5.0% strengthening of Pound Sterling to the Euro would have reduced net profit by £161,300 and vice versa (2023: £60,000).

The Group's financial instruments denominated in foreign currencies were:

		2024			2023	
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
	US$	**€**	**zl**	US$	€	zl
Cash and cash equivalents	**381**	**2,168**	**-**	203	1,046	(4)
Trade receivables	**363**	**1,478**	**44**	417	1,053	-
Trade payables	**(763)**	**(588)**	**-**	(232)	(654)	-
	(19)	**3,058**	**44**	388	1,445	(4)

As set out in the accounting policies (note 1), the assets and liabilities of Group entities that have a functional currency other than Sterling are translated at the closing exchange rate at the reporting date. The US dollar exchange rate weakened by 1.7% from 31 December 2023 to 31 December 2024 (2023: strengthened by 5.9%). The Euro exchange rate strengthened by 4.9% from 31 December 2023 to 31 December 2024 (2023: strengthened by 2.39%). The total translation reserve movement for the year reported in the Consolidated Statement of Changes in Equity was a debit £14,000 (2023: credit of £43,000). The majority of this movement related to the retranslation of Quartix SAS's opening assets as at 1 January 2024.

Quartix Inc's net liabilities relate mainly to amounts owed to other Group entities and the 3G units swap out provision. The foreign exchange differences arising on translation of these monetary liabilities are recognised in the Consolidated Income Statement.

It is estimated that a 5.0% weakening of Pound Sterling to the US dollar would give an exchange loss of around £36,000 (2023: loss £39,000) from the retranslation of Quartix Inc's net liabilities, the exchange gain that relates to the retranslation of amounts owed by Quartix Inc is around £12,000 (2023: gain £79,000).

It is estimated that a 5.0% weakening of Pound Sterling to the Euro would give an exchange gain of around £149,000 (2023: nil) from the retranslation of Quartix SAS's net assets, the exchange loss that relates to the retranslation of amounts owed by Quartix SAS is around £53,000 (2023: nil).

Interest rate risk

The Group has no debt so it is not exposed to fluctuations in interest rates.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Cash flow is forecast and monitored as are working capital requirements. The Group generates funds from operational activities in excess of its operational requirements and has substantial cash balances available for its current investment activities. Consequently, liquidity is not seen as a key risk. As at 31 December 2024, the Group's non-derivative financial liabilities that have contractual maturities of more than 12 months are lease liabilities; see note 21 for the maturity analysis of lease liabilities.

31 Summary of financial assets and liabilities by category

The carrying amounts of the assets and liabilities as recognised at the Statement of Financial Position date of the years under review may also be categorised as follows:

	2024 £'000	2023 £'000
Financial assets held at amortised cost		
Trade and other receivables	**3,704**	3,646
Cash and cash equivalents	**3,101**	2,380
	6,805	6,026

	2024 £'000	2023 £'000
Financial liabilities measured at amortised cost		
Trade and other payables	**5,312**	6,935
Lease liabilities	**559**	660
	5,871	7,595

32 Capital management policies and procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders, by balancing its trading performance with continuing investment in research and development.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the Statement of Financial Position.

The Group makes adjustments to its capital in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets. Capital for the reporting years under review is summarised as follows:

	2024 £'000	2023 £'000
Capital		
Total equity	**19,602**	16,332
Less cash and cash equivalents	**(3,101)**	(2,380)
	16,501	13,952
Overall financing		
Total equity	**19,602**	16,332
Lease liabilities	**559**	660
	20,161	16,992
Capital-to-overall financing ratio (%)	**82**	82

Parent Company Statement of Financial Position

Company registration number 06395159

	Notes	2024 £'000	2023 £'000
Fixed assets			
Investments	4	**20,285**	20,334
Current assets			
Debtors	5	**111**	104
Current tax asset		**80**	40
Cash at bank and in hand		**41**	134
Total current assets		**232**	278
Creditors – amounts falling due within one year	6	**(552)**	(3,954)
Net current (liabilities)		**(320)**	(3,676)
Total assets less current liabilities		**19,965**	16,658
Net assets		**19,965**	16,658
Capital and reserves			
Share capital	7	**484**	484
Share premium account	7	**6,332**	6,332
Equity reserve		**163**	392
Capital redemption reserve		**4,663**	4,663
Retained earnings		**8,323**	4,787
Total equity attributable to equity shareholders of Quartix Technologies plc		**19,965**	16,658

No Statement of profit and loss is presented for Quartix Technologies plc as provided by section 408 of the Companies Act 2006. Profit/(loss) for the year and total comprehensive income attributable to the equity shareholders of Quartix Technologies plc was £4,806,000 (2023: loss of £303,000).

Approved by the Board of Directors, authorised for issue and signed on behalf of the Board on 28 February 2025.

Andrew Walters
Executive Chairman

Parent Company Statement of Changes in Equity

	Share capital £'000	Share premium account £,000	Capital redemption reserve £'000	Equity reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 December 2022	**484**	**6,332**	**4,663**	**342**	**8,837**	**20,658**
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)
Transactions with owners	**-**	**-**	**-**	**50**	**(3,747)**	**(3,697)**
Loss for the year and total comprehensive income	-	-	-	-	(303)	(303)
Balance at 31 December 2023	**484**	**6,332**	**4,663**	**392**	**4,787**	**16,658**
Shares issued	-	-	-	-	-	-
Increase in equity reserve in relation to options issued	-	-	-	(47)	-	(47)
Recycle of equity reserve to P&L reserve	-	-	-	(182)	182	-
Dividend paid	-	-	-	-	(1,452)	(1,452)
Transactions with owners	**-**	**-**	**-**	**(229)**	**(1,270)**	**(1,499)**
Profit for the year and total comprehensive income	-	-	-	-	4,806	4,806
Balance at 31 December 2024	**484**	**6,332**	**4,663**	**163**	**8,323**	**19,965**

Notes to the Parent Company Financial Statements

1 Summary of significant accounting policies

Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared under the historical cost convention.

No profit and loss account is presented by the Company as permitted by Section 408 of the Companies Act 2006.

The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£'000).

Basis of preparation

The accounting policies which follow were those applied in preparing the financial statements for the year ended 31 December 2024 and the year ended 31 December 2023. The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) Share-based Payment disclosure, as Quartix Technologies plc is the ultimate parent, the share-based payment arrangement concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the Group.
b) Financial Instruments disclosures, given that equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated.
c) Fair Value Measurement disclosures.
d) Certain disclosures required by IAS 1 Presentation of Financial Statements, including certain comparative information in respect of share capital movements.
e) Statement of Cash Flows and related notes.
f) Related Party Disclosures relating to key management personnel compensation.
g) Disclosure of related party transactions entered into between two or more members of a group, given that any subsidiary which is a party to the transaction is wholly owned by such a member.
h) Capital management disclosures.

Going concern

As a holding company, its main source of income is dividends receivable from its trading subsidiaries and in particular Quartix Limited. For further details, refer to the accounting policy note on Going Concern for the Group on pages 53-54.

Investment in subsidiaries

The Company's interests in investments presently comprise only interest in wholly owned subsidiary undertakings. Investments are recognised initially at cost. Subsequent to initial recognition the financial statements include the adjustments in respect of Share Based Payments or provision for impairment.

1 Summary of significant accounting policies (continued)

Impairment of assets
The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset, being the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. To determine the value-in-use, management estimates expected future cash flows and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

A reversal of an impairment loss for an asset shall be recognised immediately in profit or loss, unless the asset is carried at revalued amount. Any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase.

Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets and are recognised to the extent that it is regarded as more likely than not that they will be recovered from future trading profits.

Deferred tax liabilities are provided in full, with no discounting. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, other comprehensive income or equity as appropriate.

Dividends
Dividends attributable to the equity holders of the Company approved for payment during the year are recognised directly in equity.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets
As required by IFRS 9, the Company will apply the impairment requirements and recognise a loss allowance for expected credit losses on its financial assets. At each reporting date, it will measure the loss allowance at an amount equal to the lifetime expected credit losses, if the credit risk on financial instruments has increased significantly since initial recognition.

1 Summary of significant accounting policies (continued)

Financial assets (continued)

The Company will recognise in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with IFRS 9.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are recorded initially at fair value and subsequently at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the profit and loss.

A financial liability is derecognised only when the obligation is extinguished. The Company does not enter into derivative contracts for hedging or speculative purposes.

Foreign currencies

Transactions in foreign currencies are translated into Sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in profit or loss in the period in which they arise.

Employee benefits: Share-based payments

The Company operates several employee share schemes for employees of its UK trading subsidiary under which it makes equity-settled and cash-settled share-based payments.

For equity-settled options, the fair value of the employee services received in exchange for the grant of the options is recognised as an increase in the investment in the subsidiary, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is assessed at the grant date, using the Black-Scholes option pricing model where there is no market based performance condition, whilst the binomial option pricing model is used to account assess the fair value for options with a market-based performance conditions.

For cash-settled options, the fair value of the employee services received in exchange for the grant of the options is recognised as an increase in the investment in the subsidiary, with a corresponding increase in the share based payment liability, over the period that the employees unconditionally become entitled to the award.

Upon exercise of the equity-settled share options the proceeds received are allocated to share capital and share premium. On settlement of the cash award the share based payment liability is released.

1 Summary of significant accounting policies (continued)

Share capital and reserves

Share capital and reserves comprises the following:

- "Share capital" represents the nominal value of equity shares
- "Share premium account" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- "Capital redemption reserve" represents the amount by which the Company's issued share capital is diminished when shares are redeemed or purchased wholly out of the Company's profits
- "Equity reserve" is used to reflect the expenses associated with granting share options to employees and the issue of warrants
- "Retained earnings" represents retained profits

2 Profit and loss account

Auditors' remuneration attributable to the Company is as follows:

	2024	2023
	£'000	£'000
Audit fees – statutory audit	**36**	36

3 Directors and employees

Staff costs, including Directors, comprised the following:

	2024	2023
	£'000	£'000
Wages and salaries	**136**	196
Social security costs	**13**	19
	149	215

The average number of employees for the company, being the Executive Chairman and the Non-Executive Directors, during the year was 3 (2023: 3).

Details of Directors' emoluments are set out on page 33.

4 Investments – non-current

The amounts recognised in the Company's Statement of Financial Position relate to the following:

	Subsidiary undertakings £'000
At 1 January 2023	20,256
Increase:	
Due to share options held by subsidiary employees	78
Investment in subsidiary	
Net book amount at 31 December 2023	**20,334**
Decrease:	
Due to share options held by subsidiary employees	(47)
Investment in subsidiary	
Net book amount at 31 December 2024	**20,285**

4 Investments – non-current (continued)

There is no provision for impairment for the investment in subsidiaries.

Subsidiary	Country of registration	Class of share capital held	Proportion held by the Company	Nature of business
Quartix Limited	England & Wales	Ordinary shares	100%	Vehicle Tracking
Quartix Inc	USA	Common shares	100%	Vehicle Tracking
Quartix SAS	France	Ordinary shares	0.1%*	Vehicle Tracking

*The investment in Quartix SAS was 100% at 31 December 2023 and fell to 0.1% on 1 January 2024 when shares in Quartix SAS were issued to Quartix Limited in return for the contribution of Quartix Limited's French branch.

See note 12 of the consolidated financial statements for details of the registered offices for the above subsidiaries.

5 Debtors

	2024 £'000	2023 £'000
Social security and other taxes	**30**	24
Prepayments	**11**	15
Amounts owed by subsidiary undertakings	**70**	65
	111	104

All receivables fall due within one year of the Statement of Financial Position date.

The amount owed by subsidiary undertakings includes a US dollar loan to Quartix Inc of £0.1m (2023: £0.1m) which is repayable on or before 31 December 2024 but can be extended by mutual agreement. Interest was charged quarterly at 2.1% per quarter on the quarter end balance.

6 Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Social security and other taxes	**5**	4
Accruals and deferred income	**75**	54
Amounts owed to subsidiary undertakings	**472**	3,896
	552	3,954

The amount owed to subsidiary undertakings relates to the current account with Quartix Limited. The movement in the year reflects the £5.1m dividend declaration in the year 2024 (2023: nil).

7 Share capital

Allotted, called up and fully paid ordinary shares of £0.01 each

	Number of ordinary shares of £0.01 each	Share capital £'000	Share premium £'000
At 1 January and 31 December 2024	**48,392,178**	**484**	**6,332**

Details of movements in share options and those outstanding at 31 December 2024 are disclosed in note 24 of the Group accounts.

8 Related party transactions and ultimate controlling party

The Company has taken advantage of the exemption not to disclose transactions with wholly owned subsidiaries. Details of Directors' remuneration and interests in shares are disclosed in the Directors' Remuneration Report (see pages 33-34) and key management remuneration in note 6 of the Group accounts.

9 Contingent liabilities

There are no material contingent liabilities subsisting at 31 December 2024 or 31 December 2023.

10 Financial commitments

The Company had no financial commitments at 31 December 2024 or 31 December 2023.

11 Risk management objectives and policies

Financial Instruments

The Company uses various financial instruments; these include cash deposits and bank loans and various items such as Group receivables and Group payables that arise directly from its operations. The main purpose of these financial instruments is to manage working capital.

The main risks arising from the Company's financial instruments are credit risk and currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the Statement of Financial Position date, as summarised below:

	2024 £'000	2023 £'000
Financial Assets		
Cash and cash equivalents	**41**	134
Amounts owed by subsidiary undertakings	**70**	65
	111	199

Risks associated with cash deposits are limited as the banks used have high credit ratings assigned by international credit rating agencies. The amount owed by subsidiary undertakings includes a US dollar loan to Quartix Inc of £0.1m (2023: £0.1m) which is repayable on or before 31 December 2024 but can be extended by mutual agreement. Interest was charged quarterly at 2.1% per quarter on the quarter end balance.

Currency risk

The Company is exposed to transaction foreign exchange risk. The Group mitigates its risk to the US Dollar by trading in the USA; however, the Company is exposed to exchange movements on its US Dollar loan to Quartix Inc to fund its working capital requirements.

The Company's financial assets denominated in foreign currencies (all US dollars) were:

	2024 £'000	2023 £'000
Financial assets		
Cash at bank	**-**	45
Amounts owed by subsidiary undertakings	**70**	65
	70	110

The Company's net profit would not be materially impacted by 5% strengthening of Pound Sterling to the US dollar.

Notice of Annual General Meeting

Notice is hereby given that the tenth Annual General Meeting (the "Meeting") of Quartix Technologies plc will be held on **Monday 31st March 2025 at 10.30am** at the Company's registered offices No.9 Journey Campus, Castle Park, Cambridge, CB3 0AX for the purpose of considering the resolutions below.

To consider, and if deemed fit, to pass the following as ordinary resolutions:

1. To receive and adopt the audited annual accounts for the year ended 31 December 2024.
2. To approve and declare a final dividend for the year ended 31 December 2024 of 3.00p per ordinary share and no supplementary dividend, a total final dividend of 3.00p per share. This will be paid on 30 April 2025 to shareholders on the register as at the close of business on 3 April 2025.
3. To re-elect Andrew Walters as a Director who, in accordance with the Company's Articles of Association, retires as a Director and is eligible for re-election.
4. To re-elect Alison Seekings as a Director who, in accordance with the Company's Articles of Association, retires as a Director and is eligible for re-election.
5. To re-elect Ian Spence as a Director who, in accordance with the Company's Articles of Association, retires as a Director and is eligible for re-election.
6. To re-appoint PKF Littlejohn LLP as the auditors of the Company until the end of the next Annual General Meeting.
7. To authorise the Directors to determine the remuneration of the auditors.
8. To give the Directors general and unconditional authorisation for the purposes of section 551 and 573 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal value of £161,241 (representing approximately 33% of the issued share capital of the Company as at 28 February 2025) to such persons at such times and on such terms they deem proper provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company or 30 June 2025, whichever is earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities (as defined in section 560 of the Act) to be allotted after such expiry and the Directors may allot such securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired; and all prior authorities to allot securities (to the extent unutilised) be revoked, but without prejudice to the allotment of any shares or securities already made or to be made pursuant to such prior authorisation.

To consider, and if deemed fit, to pass the following as special resolutions:

9. That the Directors be and are empowered, pursuant to section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred upon them by resolution 11 above and to allot equity securities (as defined in section 560(3) of the Act (*sale of treasury shares*)) for cash in each case as if section 561 of the Act did not apply to any such allotment provided, however, that the power conferred by this resolution shall be limited to:

a. The allotment of equity securities in connection with a rights issue, open offer or any other offer of, or invitation to apply for, equity securities in favour of holders of ordinary shares in the Company on the register of members at such record dates as the Directors may determine and other persons entitled to participate therein where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares in the Company held or deemed to be held by them on any such record dates, subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements, treasury shares, record dates, or legal or practical problems arising or resulting from the application of the laws of any overseas territory or the requirements of any other recognised regulatory body or stock exchange in any territory or by virtue of shares being represented by depository receipts or any other matter whatever; and
b. The allotment, other than pursuant to sub-paragraph 'a' above, to any person or persons of equity securities up to an aggregate nominal value not exceeding £24,186, representing approximately 5% of the ordinary share capital in issue as at 28 February 2025.

This power shall expire at the conclusion of the next Annual General Meeting of the Company or 30 June 2025, whichever is the earlier, unless previously varied, revoked or renewed by the Company in general meeting provided that the Company may, before such expiry, make any offer or agreement which would or might require securities to be allotted, or treasury shares sold, after such expiry and the Directors may allot securities or sell treasury shares pursuant to any such offer or agreement as if the power conferred had not expired; and all prior powers granted under section 570 of the Act shall be revoked provided that such revocation shall not have retrospective effect.

10. That the Directors be generally and unconditionally authorised, for the purposes of section 701 of the Companies Act 2006 (the "Act"), to make market purchases, as defined in section 693(4) of the Act, of ordinary shares of £0.01 each in the Company on such terms and in such manner as the Directors shall determine, provided that:

a. The maximum aggregate number of ordinary shares which may be purchased is 2,418,609 (representing approximately 5% of the ordinary share capital in issue as at 28 February 2025);
b. The minimum price that may be paid for an ordinary share is its nominal value (£0.01);
c. The maximum price, exclusive of any expenses, which may be paid for an ordinary share shall be the higher of:
   i. an amount equal to 105% of the average middle market quotations for the ordinary shares of the Company as derived from the AIM appendix to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased; and
   ii. an amount equal to the higher of the price quoted for the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out.
d. This authority shall expire, unless previously renewed, revoked or varied, on the date of the next Annual General Meeting or 30 June 2025, whichever is earlier, save that the Company may enter into a contract for the purchase of ordinary shares under this authority which would or might be completed, wholly or partly, after this authority expires.

By order of the Board on 28 February 2025.

Sally Morton
Company Secretary

Notes to the Notice of Annual General Meeting

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to attend and vote on your behalf.

1 To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00pm on 27 March 2025. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

2 Shareholders, or their proxies, intending to attend the Meeting in person are requested, if possible, to arrive at the Meeting venue at least 30 minutes prior to the commencement of the Meeting at 10:30 am (UK time) on 31 March 2025 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.

3 Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.

4 In the case of joint holders, where more than one of the joint holders' purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

5 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

6 In order for a proxy appointment to be valid, a form of proxy must be completed. You can appoint a proxy and indicate how you would like your proxy to vote at the Meeting or any adjournment by using any of the following methods:

- by logging on to uk.investorcentre.mpms.mufg.com or using the Investor Centre app (see below) and following the instructions, ensuring that your submission is completed before 10:30 am on 27 March 2025;
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below, transmitting the instructions so as to be received by 10:30 am on 27 March 2025; or
- If you are an institutional investor by using the Proximity platform as described in Note 12 below.

You may request a hard copy form of proxy directly from the registrars, MUFG Corporate Markets, via email at shareholderenquiries@cm.mpms.mufg.com or on Tel: 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday, excluding public holidays in England and Wales.

Shareholders can vote electronically via the Investor Centre, a free app for smartphone and tablet provided by MUFG Corporate Markets (the company's registrar). It allows you to securely manage and monitor your shareholdings in real time, take part in online voting, keep your details up to date, access a range of information including payment history and much more. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below. Alternatively, you may access the Investor Centre via a web browser at: uk.investorcentre.mpms.mufg.com.

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7 If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

8 The return of a completed form of proxy, electronic filing, any CREST Proxy Instruction (as described in note 10 below) or the appointment of a proxy via Proxymity will not prevent a shareholder from attending the Meeting and voting in person if he/she wishes to do so.

9 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

10 In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 10:30 am on 27 March 2025. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

11 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

12 Appointment of Proxies via Proxymity: If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 10:30 am on 27 March 2025 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

13 Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

14 As at 28 February 2025 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 48,392,178 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 28 February 2025 are 48,392,178.

15 Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered

16 The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Meeting and may also be inspected at the Meeting venue, as specified in this Notice, from 10:15 am on the day of the Meeting until the conclusion of the Meeting:

- copies of the Directors' letters of appointment or service contracts

17 You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) which is provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at www.quartix.com/en-gb/company/investors/

Any general queries by members about the Annual General Meeting should be addressed to the Company Secretary by letter or email at Quartix Technologies plc, No.9 Journey Campus, Castle Park, Cambridge CB3 0AX or investors@quartix.net

Perivan.com
270342

Quartix

Real-Time Vehicle Tracking

No.9 Journey Campus
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Cambridge
CB3 0AX

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