Financial Analysis Summary

30 April 2020

Issuer

6PM Holdings p.l.c.

(C 41492)

MZ INVESTMENT SERVICES

MZ INVESTMENT SERVICES

The Directors
6PM Holdings p.l.c.
Idox Business Centre
Triq it-Torri
Swatar, B'Kara BKR 4012

30 April 2020

Dear Sirs

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to 6PM Holdings p.l.c. (the "**Company**", "**Issuer**" or "**6PM Group**") and its parent company Idox plc (the "**Idox Group**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the latest three years (31 October 2017, 31 October 2018 and 31 October 2019) has been extracted from the audited consolidated financial statements of the Company.

(b) The forecast data of the 6PM Group for the year ending 31 October 2020 has been provided by management of the Company.

(c) Historical financial data relating to Idox plc for the latest three years (years ending 31 October 2017, 31 October 2018 and 31 October 2019) has been extracted from its audited consolidated annual financial statements.

(d) Our commentary on the results of the 6PM Group and Idox Group and on their respective financial positions is based on the explanations provided by the Company.

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(e) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.

(f) Relevant financial data in respect of the companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

The Analysis is meant to assist current and potential investors in the Company's securities by summarising the more important financial data of the 6PM Group and its parent, Idox plc. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Company and should not be interpreted as a recommendation to invest in any of the Company's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Company's securities.

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

MZ Investment Services Ltd
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Rabat RBT 1523,
Malta
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PART 1 – INFORMATION ABOUT THE ISSUER

1. KEY ACTIVITIES

6PM Holdings p.l.c. is the parent company of the 6PM Group (the "**Company**", "**Issuer**" or the **"6PM Group**"), and acts as a holding and finance company. The 6PM Group is principally involved in the provision of IT and business solutions for the healthcare industry, which include clinical solutions, data management solutions and mobile health solutions. Its main customers comprise trusts operating within the UK National Health Services (UK NHS).

In Q1 2017, the 6PM Group was acquired by Idox plc (the "**Idox Group**") and on 26 July 2017, the Company's issued ordinary shares were de-listed from the official list of the Malta Stock Exchange. Idox plc is established in the UK and its shares are quoted on the AIM market. Idox Group is involved in the provision of software solutions for planning and regulatory services to UK Local Government, high growth public sector niches and selected private sectors.

2. DIRECTORS

The Company is managed by a Board consisting of five directors entrusted with its overall direction and management. In the execution of the strategic direction, investment and management oversight of the 6PM Group.

Board of Directors

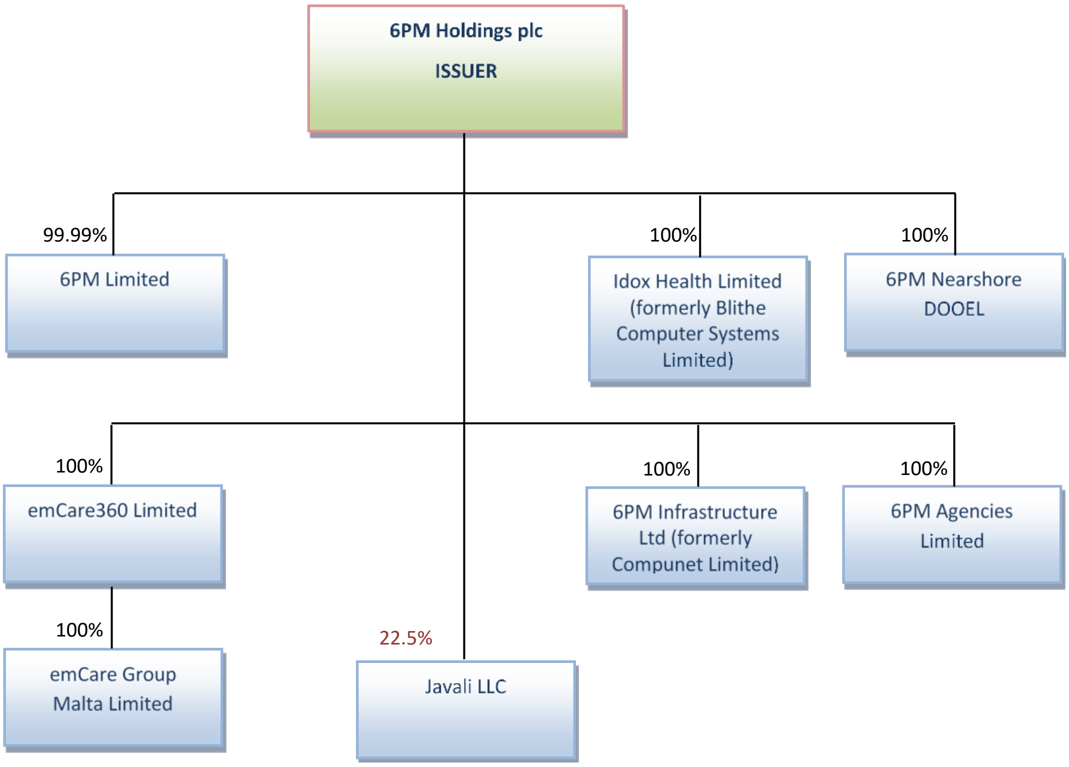
Rob Grubb	Executive
David Meaden	Executive
Oliver Scott	Non-Executive
Jeremy Millard	Independent, Non-Executive
Christopher Stone	Independent, Non-Executive

Audit Committee

Jeremy Millard	Independent, Non-Executive
Christopher Stone	Independent, Non-Executive
Oliver Scott	Non-Executive

3. 6PM GROUP ORGANISATIONAL STRUCTURE

The diagram below illustrates the principal subsidiary and associate companies within the organisational structure of the 6PM Group as at the date of this report.



On 22 November 2019, the 6PM Group agreed to sell its 70% shareholding in **Six-PM Health Solutions (Ireland) Limited** to its managing director for €1. The key business activities of the company comprise document management services, microfilming, scanning, off-site storage and consultancy. During FY2019, the company generated €392,000 (FY2018: €587,000) in revenues and incurred a loss before tax of €378,000 (FY2018: loss of €12,000). Accordingly, Six-PM Health Solutions (Ireland) Limited has been excluded from the above organigram.

On 31 December 2019, the 6PM Group sold the trade and assets of its **emCare business** to GO p.l.c. for a cash consideration of €100,000. The said business principally relates to the management of electronic medical records for and on behalf of its customers in Malta. During FY2019, the emCare business recorded revenues of €317,000 (FY2018: €338,000) and profit before tax of €128,000 (FY2018: €115,000). Despite the profits generated in FY2018 and FY2019, the emCare business was expected to become loss-making for the foreseeable future.

6PM Management Consultancy (UK) Limited was dissolved on 13 August 2019 and accordingly, the company has been removed from the above organisational structure.

6PM Infrastructure Ltd and **6PM Agencies Limited** are non-trading companies.

6PM Limited – During FY2019, the company's assets and operational activities were novated to Idox Health Limited. Prior to FY2019, the company was engaged in the provision of information technology services, including software development and maintenance, and offered these services both locally and overseas.

6PM Nearshore DOOEL – The company is principally involved in the development and implementation of 6PM Group products and solutions. The company employs 30 IT professionals and complements the research & development and delivery teams in Malta.

Idox Health Limited (formerly Blithe Computer Systems Limited) – The company specialises in the provision of systems and solutions for the management of Electronic Patient Records (EPR) within the healthcare sector, particularly in relation to sexual health and substance misuse. It is compliant with the national and international ISO 9001:2008 and ISO/IEC 17799:2009.

Javali LLC - is a joint venture between the University of Utah, United States of America, the 6PM Group and other American entrepreneurs. Javali is a product with revenue leakage auditing capability and was developed using the CareSolutions platform of the 6PM Group. Hospitals occasionally overcharge or undercharge clients for medical episodes, and such leakage typically occurs as a result of improper medical coding. The term "coding" refers to the activity performed by qualified personnel (a "coder") to analyse clinical statements and assigning clinical codes using a classification system. These clinical codes are used for a number of purposes including billing. Trading commenced during FY2015. In the same year, the Issuer increased its shareholding in the company from 10% to 22.5%, and is currently an AFS (available-for-sale) investment.

4. 6PM GROUP BUSINESS OVERVIEW

4.1 Principal Activities

The 6PM Group provides a range of solutions to enable organisations enhance and optimise business efficiency. Its products comprise clinical solutions, HR solutions, data management solutions and mobile health solutions. The 6PM Group also offers professional services and infrastructure such as business intelligence and data warehousing solutions, EDM consultations, datacentre services and infrastructure services.

The 6PM Group operates principally in the health market vertical and is mainly active within the UK's National Health Service ("NHS"). Its flagship products include iFIT and Lilie, which are described in further detail in section 4.2 below. The following is an analysis of the 6PM Group's revenue from continuing operations by reportable segments:

6PM Holdings p.l.c. **Analysis of Revenue (*from continuing operations*)** **for the period/year ended 31 October**	**2017** **(10 mths)** **Actual** **£'000**	**2018** **(12 mths)** **Actual** **£'000**	**2019** **(12 mths)** **Actual** **£'000**	**2020** **(12 mths)** **Forecast** **£'000**
Licences and products	2,955	4,566	2,856	2,056
Services	760	754	618	532
Support and maintenance	2,210	2,931	3,090	3,094
Total revenue (*note 2*)	**5,925**	**8,251**	**6,564**	**5,682**
% of total revenue:				
Licences and products	50%	55%	44%	36%
Services	13%	9%	9%	9%
Support and maintenance	37%	36%	47%	54%

Note 1: *In 2017, 6PM Group changed its financial year end from 31 December to 31 October. In this regard, the financial information for 2017 covers the 10-month period 1 January 2017 to 31 October 2017.*

Note 2: *Total revenue has been extracted from the Statements of Total Comprehensive Income (see section 9 of this report).*

During Q1 FY2020, 6PM Group disposed of its shareholding in Six-PM Health Solutions (Ireland) Limited and sold the trade and assets of the emCare business (*vide* section 3 above for further information on said disposals). Accordingly, for the purpose of analysing revenue from continuing operations, the above table excludes income generated from the operations of Six-PM Health Solutions (Ireland) Limited and emCare360 Limited.

A reconciliation between revenue as reported in the consolidated audited financial statements and revenue as per the table above entitled "Analysis of Revenue" is provided below:

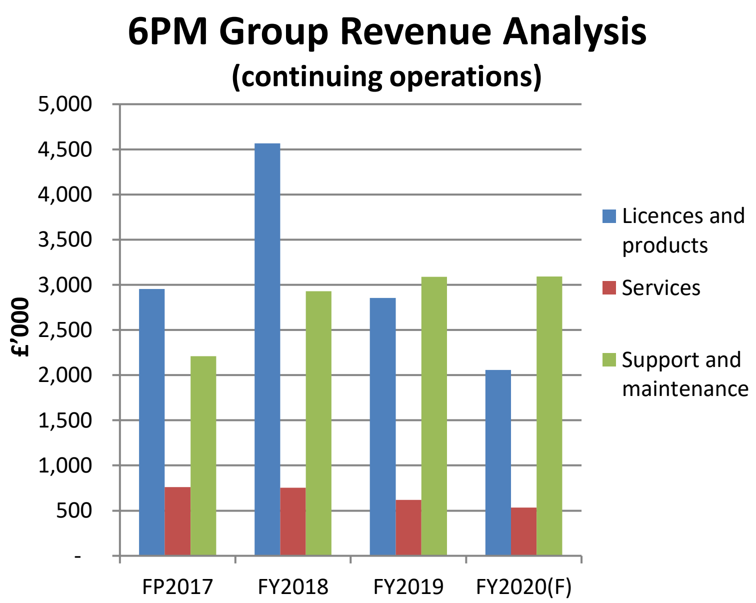
6PM Holdings p.l.c. **Restatement of Revenue** **for the period/year ended 31 October**	**2017** **(10 mths)** **Actual** **£'000**	**2018** **(12 mths)** **Actual** **£'000**	**2019** **(12 mths)** **Actual** **£'000**
Revenue (as presented in the audited financial statements)	6,874	9,275	7,403
Restatement of:			
Revenue generated by businesses sold in Q1 FY2020	(949)	(1,024)	(839)
Total revenue from continuing operations	**5,925**	**8,251**	**6,564**

The following is a description of each revenue segment:

- **Licences and products** – solutions are offered to customers through the granting of restrictive non-exclusive licence agreements for the utilisation of such solutions in accordance with the terms and conditions thereof. To a lesser extent, the 6PM Group also sells products (technological infrastructure and devices) to consumers and businesses.

- **Services –** This income stream principally relates to professional services provided to clients with respect to the implementation of the 6PM Group's solutions and required customisations.

- **Support and maintenance –** The 6PM Group offers support and maintenance services for all products and licences sold to customers.



In FY2018, revenue increased by 39% to £8.3 million (FP2017: £5.9 million), mainly due to the said financial year covering a 12-month cycle compared to the 10-month financial period of FP2017. The more significant increase was registered in licences & products, which generated £4.6 million as compared to £3.0 million in FP2017 (+£1.6 million, 55%). Revenue from support & maintenance was also higher by £0.7 million (+33%) to £2.9 million (FP2017: £2.2 million). With regard to services, turnover was relatively stable on a year-on-year basis at *circa* £0.8 million.

Revenue in FY2019 was substantially lower when compared to a year earlier by £1.7 million, from £8.3 million in FY2018 to £6.6 million, principally on account of a £1.7 million decline (-37%) in licences & products following an internal rebuilding exercise explained in the forthcoming paragraph and the impact of the adoption of IFRS 15 description in section 9 below. As to the services and support & maintenance categories, the 6PM Group reported broadly similar amounts when compared to a year earlier. During the reviewed financial year, the top 5 customers generated 55% of aggregate revenue (FY2018: 54%).

During the last 2 financial years, 6PM Group's management carried out a detailed review of business processes and sales governance procedures so as to ensure that future contracts are appropriately priced and risk assessed prior to engagement. This exercise has also enabled the 6PM Group to streamline the customer portfolio and to identify and capitalise on delivering a more focused product and service offering. Furthermore, the operational management of the 6PM Group has reconfigured team structures with the aim of creating a simplified reporting channel and reducing the cost base. The implementation of the above-mentioned exercise has ameliorated 6PM Group's competitiveness in the market and has contributed to a significant rise in net profit margin to 21.2% (FY2018: 2.2%).

The Covid-19 outbreak has had limited impact on 6PM Group's business so far and demand for its products and services has remained broadly unaffected, principally due to the fact that a substantial portion of the 6PM Group's revenue is pre-contracted and, or recurring. The 6PM Group has activated its business continuity plan to make sure it remains operational at all times. All unnecessary business travel has stopped and staff have been instructed to remain diligent, safe and aware. The 6PM Group has implemented employee home working, split teams and introduced flexible work schedules across all applicable departments and roles. An explanation on the impact of the Covid-19 pandemic on Idox Group is provided in section 8.5 of this report.

In FY2020, the 6PM Group expects to generate £5.7 million in revenue, which represents a decrease of £0.9 million compared to FY2019 (£6.6 million). The adverse movement is expected to emanate from licences & products, which is projected to decrease from £2.9 million in FY2019 to £2.1 million. Notwithstanding the afore-mentioned decline in licences & products, the nature of certain new contracts are larger in scale and the execution period thereof is expected to take several years to complete. No material movements are being projected for the other segments of revenue. During FY2020, the top 5 customers are expected to contribute 63% of aggregate projected revenue (FY2019: 55%).

4.2 Principal Products

The 6PM Group's solutions support day-to-day running and operations across NHS Trusts, health boards and clinics. From the tracking of patient records and hospital equipment to streamlining sexual health services, the 6PM Group's products are improving safety and driving efficiencies in each area. The 6PM Group's solutions can be split into Hospital Management and Sexual Health Management as further described hereunder:

1. **iFIT - Hospital Management:** iFIT (Intelligent File and Inventory Tracking) is a unique multi-purpose tracking and hospital management solution. The core functionality of the solution provides support for mobile devices and fixed RFID (radio-frequency identification) infrastructure whilst the various verticals enable users to carry out their day-to-day operations effectively by capturing data in a timely manner, processing it to generate the required outputs as well as providing the visibility needed by management on operational efficiency. The use of both passive and active RFID tags detected by readers and sensors within the customer's estate is also part of this modern logistics management technology. It has enabled NHS trusts and health boards across the UK meet Cost Improvement Programme (CIP) targets, address Care Quality Commission (CQC) issues and significantly reduce the costs of managing medical records, devices, drugs, specimens, personnel, supplies and other physical hospital items.

    i. **iRecords (Records Logistics Management)**, a module of the iFIT solution suite, transforms the current medical records processes into a modern, location-based logistics operation, utilising the latest RFID technology and complying with GS1 standards. Savings are achieved by implementing the enhanced functions delivered through the iFIT solution including automatic tracking of records in real-time, complete control of your paper records inventory, reduce and eliminate lost records, automatically log ad-hoc requests instead of the use of emails, hand-written notes or phone calls, over 25 pre-built management, operational and KPI reports specific to medical records management, eliminating pre-sort and snaking of records and improved information governance and auditability.

    ii. **iAssets (Assets Logistics Management)**, a module of the iFIT solution suite, tracks and intelligently manages mobile hospital assets, ensuring that the customer has a 360-degree view of everything required to manage equipment effectively, such as their location history, availability, maintenance, assignment to patients and their overall utilisation. iAsset's new SmartFind view shows users the asset locations graphically on a user-friendly map of the hospital site. The system enables rapid and simple location of the nearest available device with the 'Find my nearest' function. This ensures even shorter search times and increased patient safety. This essential data can then be used by other business functions, such as procurement, to determine what new equipment is required and where it is most needed.

2. **Lilie – Sexual Health Management:** Lilie is the market-leading clinical management software specifically designed for contraception and sexual health (CaSH), genitourinary medicine (GUM), human immunodeficiency virus (HIV) and fully integrated sexual health services. It supports multi-disciplinary teams in treating sexual health and HIV patients whilst streamlining services and delivering the cost savings to customers. Lilie opens up the patient record, giving visibility to all electronically recorded information. At a glance, healthcare professionals can review previous consultations, test results, referrals and written correspondence, previously prescribed medication, statutory reporting i.e. HIV and AIDS Reporting System (HARS), Sexual and Reproductive Health Activity Data set (SRHAD) and Genitourinary Medicine Clinic Activity Data Set (GUMCAD) and ad hoc report generation - in a secure manner. Lilie is a fully scalable Electronic Patient Record system (EPR) used to capture outpatient activity, diagnoses and treatments for GUM patients. Having patient data in an EPR system provides the clinic team members with fast access to patient records and greatly reduces administration functions. All audit and quality measures are incorporated automatically to reduce clinical risk and improve the quality of the sexual health service.

5. RESEARCH AND DEVELOPMENT

Research and development activities are an integral part of the 6PM Group's operations to ensure it remains at the forefront of innovative solutions that deliver business benefit to customers.

Strategic roadmaps are maintained for each of the products, outlining improvements and new developments planned for the medium and longer-term to ensure the 6PM Group meets current and future customer needs as well as addresses market challenges and industry trends, resulting in high quality clinical care and sustainable operations at customer sites.

With mobility and tracking established as key concepts within the NHS, the 6PM Group maintains its investment in these areas to ensure that latest hardware is brought into the solutions provided, leading to improved ease for data capture, more cost-effective solutions as well as extended spectrum and robustness in the logistics tracking platform. Mobility is also supporting two additional areas of research and development: (i) a variety of mobile applications with a view to engage further with end-users and patients; and (ii) to support the Scan4Safety strategy within the NHS.

Interoperability is another area of focus for the 6PM Group to be able to collaborate with a wider range of partners within the NHS supply chain. Engaging with different organisations necessitates researching new technologies and looking into integration options to provide a seamless solution to the end customer. Such initiatives also highlight the need for strict security measures, full audit capabilities and compliance to data access regulations, all of which are part of the research and development activities.

As in previous years, the 6PM Group also continues to invest in alternative deployment models for the 6PM Group's products to ensure that customers have a range of options, which best suits their budgets and server estates, including hosting, SaaS (Software as a Service), on-premise and bring-your-own device models.

6. TREND INFORMATION AND COMPETITION

In 2019, NHS England published a ten year forward view entitled "***The NHS Long Term Plan***".[1] Chapter five of this document sets out a wide-ranging and funded programme to upgrade technology and digitally enabled care across the NHS. As such, the aim is to direct more people (including patients, carers, clinicians and other stakeholders) utilising NHS services to do so through digital access, where:

- patients and their carers can better manage their health and condition;
- clinicians can access and interact with patient records and care plans wherever they are, with ready access to decision support and AI, and without the present administrative hassle;
- predictive techniques support local Integrated Care Systems to plan and optimise care for their populations; and
- secure linked clinical, genomic and other data support new medical breakthroughs and consistent quality of care.

The 6PM Group is fully aligned with the above vision and is well-placed to continue to provide clinics and trusts with records management and sexual health management solutions so as to improve the patient experience and maintain a sustainable and efficient health service.

The IT solutions industry within health remains highly competitive and innovation is crucial to maintain relevance in such a market. The 6PM Group continues to invest in its research and development functions as outlined above, ensuring that its offerings provide value to customers, healthcare professionals and patients.

7. BUSINESS STRATEGY

The 6PM Group continues to focus on its innovative approach, particularly in relation to its flagship products – iFIT and Lilie. These two products have continued to extend their scope over the past year.

Concrete roadmaps continue to be core in providing customers with added business benefits through patient tracking and supporting the scan–for-safety strategy that most of its customers are looking to adopt. In addition, the 6PM Group will continue to capitalise on its experience and explore opportunities with its existing customer base in the UK market.

With the combination of improved governance procedures led by the 6PM Group's experienced management team, simplified communication channels through introduction of new technology, and development initiatives driven by the 6PM Group's customer-focused account management network, the 6PM Group expects to capitalise further on its strong market position.

[1] https://www.longtermplan.nhs.uk/

8. IDOX GROUP BUSINESS OVERVIEW

8.1 Introduction

The entire share capital of 6PM Holdings plc was acquired by Idox plc on 9 March 2017, and shortly thereafter, a restructuring exercise was initiated to integrate the 6PM Group into the Idox Group to form 'Idox Health', a sub-division of Public Sector Software (PSS), as further explained below.

As to the financial obligations of the 6PM Group, the Directors have obtained assurance as part of the finalisation of the 6PM Group FY2019 financial statements, that Idox plc, as the majority shareholder, will continue to provide the 6PM Group with adequate financial support to enable the 6PM Group to meet its liabilities as they fall due in the ordinary course of business for the foreseeable future.

A brief overview of the principal activities and financial results of the Idox Group is provided hereunder.

8.2 Principal Activities

The Idox Group is a supplier of specialist information management software and solutions to the public and asset intensive sectors. The average number of employees of the Idox Group during FY2019 was 671 (FY2018: 804) located in the UK, USA, Europe and India. Idox Group's revenue is organised into 3 operating divisions, as follows:

(i) **Public Sector Software (PSS)** – specialist information management solutions and services to the public sector. This segment comprises several sub-divisions including health, computer aided facilities management (CAFM), social care, elections, local authority and transport.

(ii) **Engineering Information Management (EIM)** – engineering document management and control solutions to asset intensive industry sectors, typically oil & gas and construction. Customers can be asset constructors (engineering, procurement, construction or EPC's) or asset owner-operators. Solutions are delivered from the UK to customers all over the world via sales teams in the UK, France and the US.

(iii) **Content (CONT)** – funding and compliance solutions to corporate, public and commercial customers, comprising: (a) Databases: UK business, providing funding data to academic and other UK customers; (b) Consultancy: Dutch business providing expertise in grant funding applications; (c) Compliance: German & Belgian business providing e-learning and employee compliance training platform.

8.3 Revenue Analysis

IDOX PLC Revenue Analysis for the year ended	31 Oct'17 Restated £'000	31 Oct'18 Restated £'000	31 Oct'19 Actual £'000
Public Sector Software (PSS)	47,865	42,539	41,642
Engineering Information Management (EIM)	12,901	10,003	9,170
Content (CONT)	12,421	13,604	14,680
Digital (DIG)	564	268	-
Total revenue (*note 1*)	**73,751**	**66,414**	**65,492**
Recurring revenues	30,520	30,583	35,736
Non-recurring revenues	43,231	35,831	29,756
Total revenue	**73,751**	**66,414**	**65,492**

Note 1: *Total revenue has been extracted from the Statements of Total Comprehensive Income (see section 8.4 below).*

In November 2018, the Idox Group disposed of its loss-making Digital business to focus on niche solutions to the public sector and other regulated markets.

Public Sector Software (PSS)

During FY2019, revenue declined by 2.1%, from £42.5 million in FY2018 to £41.6 million, primarily following the adoption of IFRS 15 and generally a more balanced approach to revenue growth. The Idox Group sought to improve or exit low-earning or loss-making business activities which has led to an overall decrease in PSS revenue.

In July 2019, the Idox Group acquired Tascomi Limited, a cloud-native supplier of solutions with its core applications targeted at the Idox Group's core Local Authority property and environmental services markets. The acquisition was funded by a £7.4 million equity placing.

Engineering Information Management (EIM)

The Engineering division saw a revenue reduction of 8.3% in FY2019 to £9.2 million (FY2018: £10.0 million) as it continues to transition solutions and customers from an on-premise deployment model to a SaaS delivery which directly impacts the revenue profile of contract wins. Similarly to PSS, the Idox Group sought to improve margins and cash generation overall by exiting low-earning or loss-making activities.

Content (CONT)

The Content division has continued to trade strongly with a 7.9% y-o-y growth in revenue, capitalising on the strong domain knowledge the Idox Group holds in its key target markets.

8.4 Financial Highlights

The financial tables set out below provide information on Idox plc for the financial years ended 31 October 2017, 31 October 2018 and 31 October 2019. The afore-mentioned financial data has been extracted from the audited annual consolidated financial statements of Idox plc for each of the stated financial years.

The audit opinion for FY2017 was qualified as the previous auditor was unable to obtain sufficient appropriate evidence in respect of: revenue of £7.6 million for the year then ended, deferred income of £4.3 million as at 31 October 2017 and consolidated net liabilities of £0.2 million as at 31 October 2017. These balances were all within the acquired sub-group headed by 6PM Holdings p.l.c. This qualification arose because the acquired group had a history of poor record keeping until it was fully integrated into the Idox Group from July 2017.

Had a review of these records been possible, matters might have come to the previous auditor’s attention indicating that adjustments might be necessary to the financial information at 31 October 2017. Any such adjustments would have a consequential impact on the financial information for the period ended 31 October 2018 and therefore the auditor’s opinion for the period ended 31 October 2018 is also qualified in respect of these matters.

As a result of the above-stated issues, the finance team conducted a comprehensive review of revenue, accrued income and debtors, and identified a number of prior period errors in relation to timing of when revenue had been recognised. Accordingly, the financial statements with respect to FY2017 were restated.

During FY2019, further issues relating to historic accounting and management practices emerged, resulting in various prior period restatements. Accordingly, the financial information relating to FY2018 have been restated to adjust prior period errors and reflect a reclassification of employment costs. In this regard, the loss for the year from continuing operations was adjusted from £26,981,000 (as originally presented) to £27,560,000 (as restated).

The financial statements for the year ended 31 October 2019 have been audited by Deloitte LLP (FY2018: Deloitte LLP), who expressed an unqualified opinion on said financial statements.

IDOX PLC

Consolidated Statement of Comprehensive Income

for the year ended	**31 Oct'17 Restated £'000**	**31 Oct'18 Restated £'000**	**31 Oct'19 Actual £'000**
Revenue	73,751	66,414	65,492
Net operating expenses	(57,272)	(52,775)	(51,131)
EBITDA	**16,479**	**13,639**	**14,361**
Depreciation and amortisation	(8,742)	(9,319)	(9,128)
Restructuring, acquisition and other costs	(742)	34	(3,556)
Impairment	(2,681)	(33,255)	-
Net finance costs	(1,524)	(1,339)	(1,702)
Profit/(loss) before tax	**2,790**	**(30,240)**	**(25)**
Taxation	(670)	2,680	(1,192)
Loss for the year from discontinued operations	(1,752)	(9,067)	(602)
Non-controlling interest	(9)	6	113
Profit/(loss) after tax	**359**	**(36,621)**	**(1,706)**
Other comprehensive income			
Exchange differences	192	(133)	(180)
Total comprehensive income/(loss)	**551**	**(36,754)**	**(1,886)**

IDOX PLC

EBITDA (Earnings before interest, tax, depreciation, amortisation, restructuring, acquisition and other costs)

for the year ended	**31 Oct'17 Restated £'000**	**31 Oct'18 Restated £'000**	**31 Oct'19 Actual £'000**
Operating (loss)/profit *(note 1)*	**4,314**	**(28,901)**	**1,677**
Adjustments:			
Depreciation and amortisation	8,742	9,319	9,128
Restructuring, acquisition and other costs	742	(34)	3,556
Impairment	2,681	33,255	-
EBITDA	**16,479**	**13,639**	**14,361**

Note 1 : Operating (loss)/profit for each of the years FY2017 to FY2019 has been extracted from the consolidated statement of total comprehensive income which forms part of the audited financial statements of Idox plc.

Key Accounting Ratios	FY2017 Actual	FY2018 Actual	FY2019 Actual
Operating profit margin *(EBITDA/revenue)*	22%	21%	22%
Interest cover (times) *(EBITDA/net finance cost)*	10.81	10.19	8.44
Net profit margin *(Profit after tax/revenue)*	0%	n/a	n/a
Earnings per shares (£) *(Profit after tax/number of shares)*	0%	n/a	n/a

In **FY2018**, revenue decrease by £7.3 million (y-o-y) to £66.4 million (FY2017: £73.8 million), mainly due to a decline in PSS and EIM of £5.3 million and £2.9 million respectively, which was partly compensated for by an increase in revenue of £1.2 million generated from CONT. PSS decreased following revisions to revenue recognition policies so as to match relevant performance obligations, while EIM was lower y-o-y due to the transition from on-premise to SaaS (*Software as a Service is a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted*).

EBITDA from continuing operations decreased by 17% to £13.6 million (2017: £16.5 million) impacted by lower margin election revenue and losses incurred in the Health subdivision (both within PSS) and lower revenue in EIM. Depreciation & amortisation increased y-o-y by £0.6 million to £9.3 million in FY2018, whilst net finance costs decreased by £0.2 million. Restructuring, acquisition and other costs were positive at £34,000 (2017: expense of £0.7 million), mainly due to an acquisition credit of £0.9 million derived from the reduction of the contingent consideration on Open Objects Limited as a result of missing the revenue target as set out in the share purchase agreement. Impairments during FY2018 amounted to £33.3 million and mainly related to the fair value of the investment in 6PM Holdings p.l.c. Overall, total comprehensive income declined from £0.5 million in FY2017 to a £36.8 million comprehensive loss in FY2018, primarily due to the impairment charge stated above.

In **FY2019**, revenue decreased by £0.9 million (y-o-y) to £65.5 million (FY2018: £66.4 million), on account of a reset of revenue policies and the exiting of unattractive lower margin contracts in PSS, and the ongoing move from enterprise to SaaS model in EIM. During the financial year, there was a significant transformation within the management team to ensure more focus on governance and operational execution. EBITDA improved from a year earlier by £0.7 million or 5% to amount to £14.4 million in FY2019.

Depreciation & amortisation decreased y-o-y by £0.2 million, while net finance costs increased by £0.4 million to £1.7 million (FY2018: £1.3 million).

Restructuring, acquisition and other costs amounted to £3.6 million (FY2018: credit balance of £34,000) principally due to the organisational restructuring implemented during the initial half of FY2019, and included costs relating to settling people, surplus property and historic litigation. Overall, the Idox Group recorded total comprehensive loss for FY2019 of £1.9 million, compared to a loss of £36.8 million in FY2018.

In FY2019, operating profit margin improved by 1 percentage point to 22%. Such margin is expected to improve in FY2020 following the elimination of low-earning business. In the medium term, the Idox Group's target is to achieve an operating profit margin of at least 30%. A higher EBITDA has improved the Idox Group's interest cover from 10.19 times in FY2018 to 8.44 times in FY2019.

IDOX PLC **Consolidated Cash Flow Statement** **for the year ended**	**31 Oct'17** **Restated** **£'000**	**31 Oct'18** **Restated** **£'000**	**31 Oct'19** **Actual** **£'000**
Net cash from operating activities	13,054	9,888	12,382
Net cash from investing activities	(24,260)	(4,472)	(12,829)
Net cash from financing activities	10,887	(3,212)	1,807
Net movement in cash and cash equivalents	**(319)**	**2,204**	**1,360**
Cash and cash equivalents at beginning of year	3,787	3,248	5,534
Effect of foreign exchange rates	(220)	82	129
Cash and cash equivalents at end of year	**3,248**	**5,534**	**7,023**

Net cash inflow from operating activities in FY2019 was higher when compared to a year earlier by £2.5 million, mainly on account of a tax refund received during the year amounting to £1.2 million (FY2018: tax paid amounted to £0.8 million).

Net cash outflow from investing activities amounted to £12.8 million, an increase of £8.4 million from FY2018. During the year, the Idox Group settled the amount of £6.4 million in relation to acquisition of subsidiaries (FY2018: £0.2 million), and utilised £6.7 million to acquire tangible and intangible assets (comprising capitalised development and software license purchases) compared to £4.5 million in FY2018.

Net cash outflow from financing activities in FY2019 comprised net loan repayments amounting to £4.1 million (FY2018: loan drawdowns of £1.0 million), and payments of interest on outstanding bonds and bank facilities amounting to £1.4 million (FY2018: £1.5 million). No dividends were paid in FY2019 compared to £2.7 million paid in FY2018. In FY2019, the Idox Group issued own shares amounting to £7.4 million in consideration for the acquisition of Tascomi Limited.

Overall, cash and cash equivalents at end of FY2019 amounted to £7.0 million compared to £5.5 million at end of FY2018.

IDOX PLC			
Consolidated Balance Sheet			
as at	**31 Oct'17**	**31 Oct'18**	**31 Oct'19**
	Restated	**Restated**	**Actual**
	£'000	**£'000**	**£'000**
ASSETS			
Non-current assets			
Intangible assets	122,754	78,787	86,004
Property, plant and equipment	1,743	1,211	1,162
Investments	18	18	18
Deferred tax assets	1,086	1,107	1,368
	125,601	81,123	88,552
Current assets			
Stock	163	115	77
Held for sale assets	-	1,114	-
Trade and other receivables	42,216	32,502	19,972
Current tax	-	1,382	251
Cash and cash equivalents	3,248	5,534	7,023
	45,627	40,647	27,323
Total assets	**171,228**	**121,770**	**115,875**
EQUITY			
Equity and reserves			
Share capital	4,145	4,169	4,446
Reserves	43,758	43,156	50,775
Retained earnings	39,330	540	(10,500)
Non-controlling interest	9	3	(110)
	87,242	**47,868**	**44,611**
LIABILITIES			
Non-current liabilities			
Bank loans and bonds	32,757	33,996	11,584
Other non-current liabilities	9,271	5,390	6,078
	42,028	39,386	17,662
Current liabilities			
Bank overdrafts and loans	3,102	3,289	21,809
Trade and other payables	38,856	31,227	31,793
	41,958	34,516	53,602
	83,986	**73,902**	**71,264**
Total equity and liabilities	**171,228**	**121,770**	**115,875**

Key Accounting Ratios	**FY2017 Actual**	**FY2018 Actual**	**FY2019 Actual**
Net debt to EBITDA (years) *(Total debt less cash balances/EBITDA)*	1.98	2.33	1.84
Liquidity ratio *(Current assets/current liabilities)*	1.09	1.18	0.51
Gearing *(Net debt/net debt and shareholders' equity)*	27%	40%	37%
Return on capital employed *(EBITDA/total assets less current liabilities)*	13%	16%	23%
Return on assets *(Profit after tax/total assets)*	0%	n/a	n/a
Net asset value per share *(Shareholders' equity/number of shares)*	0.21	0.11	0.10

Non-current assets as at 31 October 2019 increased by £7.4 million to £88.6 million (FY2018: £81.1 million following the acquisition of Tascomi Limited. Capitalised research & development costs were offset by amortisations.

Trade and other receivables in current assets decreased substantially by £12.5 million to £20.0 million (FY2018: £32.5 million) following a reduction in accrued income pursuant to the adoption of IFRS 15 and a clean-up of long outstanding debtor balances. Cash and cash equivalents were higher by £1.5 million from £5.5 million in FY2018 to £7.0 million.

In FY2019, total liabilities amounted to £71.3 million, a reduction of £2.6 million from a year earlier. Total debt was lower on a y-o-y basis by £3.9 million to £33.4 million as a result of better cash conversion from trading and suspension of dividends. In December 2019 (FY2020), the Idox Group refinanced its bank loan facilities with the Royal Bank of Scotland, Silicon Valley Bank and Santander UK. The new facilities comprise a revolving credit facility of £35 million and a £10 million accordion facility, and expire in December 2022 with an option to extend this commitment for a further two years. As security for these bank faciltiies, a fixed and floating charge is held over Idox plc and certain subsidiaries, including trading subsidiaries of the 6PM Group.

The gearing ratio of the Idox Group improved from 40% in FY2018 to 37% in FY2019, which shows better cash management undertaken by the Idox Group. Same trend is reflected in net debt to EBITDA. Return on capital employed continued on a positive trajectory from 13% in FY2017 to 23% in FY2019.

The liquidity ratio deteriorated from 1.18x in FY2018 to 0.51x. As at year end (FY2019), bank borrowings amounting to £21.8 million were accounted for as current liabilities due to the timing of finalising the new banking arrangement post year end. Furthermore, in FY2019, the Idox Group reduced contract receivables and increased contract liabilities by a total of £12.6 million following the adoption of IFRS 15.

8.5 Outlook and Covid-19 Pandemic Impact

The Idox Group will continue to explore ways to accelerate its strategy and the Directors are confident that the Idox Group has the right team and engagement throughout the organisation to deliver improved value for all key stakeholders. A cloud-first approach across each of the business areas is a strategic necessity and the Idox Group will continue to invest selectively to grow its capabilities and support its customers. The business has a strong foundation in property and asset-based solutions and this, along with the Idox Group's focus on a broader SaaS provision, will underpin its future strategy and growth.

Idox Group along with most companies has been impacted by the emerging Covid-19 pandemic. The Idox Group continues to assess the impact of the Covid-19 pandemic on the business, taking actions to mitigate or limit the impacts on the organisation where possible and supporting its staff, customers and partners in dealing with the emerging situation. As part of the preparation of the FY2019 results, the Idox Group carefully assessed the likely impact of the Covid-19 pandemic on the business and considered specifically changes in the way the Idox Group engages with its customers, staff, supply chains and banking partners. Idox Group is fundamentally resilient to the Covid-19 pandemic due to the Idox Group's high recurring revenue base, its focus on public sector markets and the high proportion of staff that routinely work from home. The Idox Group retains significant liquidity with cash and available committed bank facilities and has strong headroom against financial covenants.

The exposures identified to date are as follows:

- The PSS business is exposed to government policy in response to the Covid-19 pandemic, notably the recent postponement of the local and mayoral elections originally scheduled for May 2020 to May 2021 which will impact the Elections sub-segment of this business. However, the overall PSS business has strong levels of recurring revenues from a well-established existing customer base and growing markets.
- The EIM business has seen significant reduction in travel given its cross-border operations which has had a limited impact but the Idox Group continues to provide the majority of solutions and service customers remotely. The EIM business also has strong existing high recurring revenues which account for approximately 80% of its revenue targets, and is well-placed given its increasing focus on cloud-based solutions.
- The CONT business has operations in Germany and Netherlands, however, the impact of the Covid-19 pandemic impact to-date has been minimal. The Idox Group is not anticipating any impact on the UK element of the CONT business which is all recurring in nature and in respect of public sector customers.

The Idox Group has introduced a number of cost controls over new and existing spend which, together with linked Cost of Sale reductions, will mitigate any potential reduction in revenue from the Covid-19 pandemic. Management continue to anticipate future earnings and cash will be in line with previous expectations.

The Directors have performed detailed financial forecasting of a number of credible potential Covid-19 pandemic scenarios, as well as severe stress-testing in their financial modelling which includes potential restructuring in order to preserve the Idox Group as a going concern in the event of the most extreme possible impact on our Group of the Covid-19 pandemic.

The key assumptions in these scenarios are:

- There will be a direct impact period until most of the current restrictions are lifted as well as a recovery period until commercial and social life has broadly returned to normal (recovery period).
- Revenues from existing support and recurring services contracts will not be materially impacted.
- Revenues from new business and from current projects will be impacted by delays and some cancellation of procurements in the current pipeline.
- Cost management actions will be taken, consistent with these assumptions and the impacts experienced.

The scenarios considered most credible by the Directors are the following:

A. A direct impact period of 3 months and a recovery period of 3 months. This scenario assumes 20% to 50% of procurements are delayed but the majority resume. Project work recovers and any backlog is cleared by the end of the recovery period.

B. A direct impact period of 6 months and a recovery period of 9 months. This scenario assumes 30% to 70% of procurements are delayed into the recovery period and a number are cancelled. Project work recovers and any backlog is cleared by the end of the longer recovery period.

The Directors are satisfied these are valid and reasonable assumptions and that the scenarios tested are the most appropriate and credible as the Idox Group has high levels of recurring revenue and repeating revenues from a diverse customer base across a number of business units. Both scenario A (the Idox Group's anticipated impact based on current information) and scenario B (further sensitivity test) demonstrate the business is expected to have significant liquidity available from cash in hand and from committed facilities and has strong headroom against financial covenants. In both scenario A and B, the Idox Group is forecasting liquidity in excess of £20 million and headroom of at least 100% on financial covenants. Therefore, this supports the going concern assessment for the business.

In the severe stress testing financial modelling, the Directors have sought to identify an extreme set of circumstances that would result in the Idox Group breaching banking covenants and extinguishing its available liquidity. In order to create such a set of circumstances the Directors further adjusted scenario B to reduce all Idox Group revenues by 50% for the period April 2020 to June 2021, but with no further action on cost.

Whilst it is informative to identify extreme circumstances to test the Idox Group's liquidity, this scenario is considered highly unlikely due to the high levels of recurring revenues the Idox Group has in respect of software that is often either central to the customer, or a specific regulatory requirement under statute. Furthermore, in the event the Idox Group did find revenues deteriorated further beyond the scenario's modelled, the Idox Group has identified mitigating actions to preserve its liquidity. These actions include reducing any operations that may have become severely loss-making due to the Covid-19 pandemic either through further reduction in operational spend, restructuring of business units, or utilising available government financial support with job retention schemes.

PART 2 – 6PM GROUP PERFORMANCE REVIEW

9. FINANCIAL HIGHLIGHTS

The financial information provided hereunder is extracted from the audited consolidated financial statements of 6PM Holdings p.l.c. for the 10-month period ended 31 October 2017 (pursuant to a change in financial year end) and the financial years ended 31 October 2018 and 31 October 2019. The forecasted financial information for the year ending 31 October 2020 has been provided by management of the Company.

The financial statements for the year ended 31 October 2019 have been audited by PKF Assurance (Malta) Limited, who expressed an unqualified opinion on said financial statements.

With reference to the FY2017 audited financial statements, the auditors have qualified their opinion as explained hereinafter. Included with consolidated revenues and deferred income are amounts of £2.1 million and £1.2 million respectively reported in the financial statements of Idox Health Limited, a UK registered subsidiary of the Company. The audit evidence available was limited since management could not provide adequate supporting documentation for these amounts and there were no satisfactory alternative audit procedures that could be applied to ensure that these amounts are not materially misstated.

Due to the possible consequential effect of the above-mentioned matter on 6PM Group's revenue and results for the year ended 31 October 2018 and because of the possible effect of the said matter on the comparability of FY2018's financial information and the corresponding figures, the auditor's opinion on the FY2018 financial statements is also qualified.

Adoption of IFRS 15 (revenue from contracts with customers) – The standard was first adopted during FY2019 without restatement of comparative amounts. The adoption of IFRS 15 does not alter the total contract value or the timing of cash flows.

The most significant impact of implementing the standard is as follows:

- *Software licence and hardware revenues:* Under previous accounting policies, such revenue was mainly recognised as the licences and, or hardware contracts are issued to the customers. IFRS 15 requires software licence fees and, or hardware revenue in bundled contracts being combined with other promises in the contract, specifically with implementation services, to be recognised over the implementation term. This has resulted in a delay in revenue previously recognised and an increase in contract liabilities going forward.

- *Contract obtaining assets:* Under previous accounting policies, sales commissions associated with individual contracts were recognised when contracts are signed or invoiced. Under IFRS 15, because they are instrumental to obtaining the contract and are expected to be recovered, these costs are capitalised and amortised over the life of the contract, but only where the duration of the contract on which the commissions is based lasts for more than one year and the value of the commission is of a material nature.

The impact of adoption of IFRS 15 on the FY2019 financial statements was as follows:

6PM Holdings p.l.c.
Impact of adoption of IFRS 15

	2018	IFRS 15 Impact	Opening Bal 2019
	£'000	£'000	£'000
Contract receivables	751	(88)	663
Deferred tax asset	15	31	46
Contract liabilities	2,725	(536)	(2,189)
Retained earnings	(22,737)	592	(22,145)

During Q1 FY2020, 6PM Group disposed of its shareholding in Six-PM Health Solutions (Ireland) Limited and sold the trade and assets of the emCare business (*vide* section 3 above for further information on the said disposals). Accordingly, for comparative purposes, the results of operations of the afore-mentioned businesses have been reclassified in the statements of total comprehensive income under line item "(Loss)/profit after tax from discontinued operations".

The projected financial statements relate to events in the future and are based on assumptions which the Company believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

6PM Holdings p.l.c.
Statements of Total Comprehensive Income
for the period/year ended 31 October

	2017	2018	2019	2020
	(10 mths)	(12 mths)	(12 mths)	(12 mths)
	Actual	Actual	Actual	Forecast
	£'000	£'000	£'000	£'000
Revenue	5,925	8,251	6,564	5,682
Net operating expenses	(8,853)	(6,690)	(4,122)	(3,174)
EBITDA	**(2,928)**	**1,561**	**2,442**	**2,508**
Depreciation and amortisation	(1,364)	(627)	(543)	(491)
Impairment of intangible assets	(361)	-	-	-
Net finance costs	(809)	(917)	(606)	(663)
(Loss)/profit before tax	**(5,462)**	**17**	**1,293**	**1,354**
Taxation	217	(145)	(16)	(332)
(Loss)/profit after tax (continuing operations)	**(5,245)**	**(128)**	**1,277**	**1,022**
(Loss)/profit after tax from discontinued operations	(600)	335	294	-
(Loss)/profit after tax	**(5,845)**	**207**	**1,571**	**1,022**
Other comprehensive income				
Exchange differences	(253)	(52)	(121)	-
Total comprehensive (expense)/income	**(6,098)**	**155**	**1,450**	**1,022**

6PM Holdings p.l.c.
EBITDA (Earnings before interest, tax, depreciation, amortisation, intercompany revenue, impairments and discontinued operations)
for the period/year ended 31 October

	2017	2018	2019	2020
	(10 mths)	(12 mths)	(12 mths)	(12 mths)
	Actual	Actual	Actual	Forecast
	£'000	£'000	£'000	£'000
Operating (loss)/profit *(note 1)*	**(5,201)**	**1,263**	**2,107**	**2,017**
Adjustments:				
Depreciation and amortisation	1,991	652	548	491
Intercompany revenue	-	-	87	-
Impairment of intangible assets	361	-	-	-
Discontinued operations	(79)	(354)	(300)	-
EBITDA	**(2,928)**	**1,561**	**2,442**	**2,508**

Note 1 : Operating (loss)/profit for each of the years FY2017 to FY2019 has been extracted from the statements of total comprehensive income which forms part of the audited financial statements of 6PM Group.

Key Accounting Ratios	FP2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Forecast
Operating profit margin *(EBITDA/revenue)*	n/a	19%	37%	44%
Interest cover (times) *(EBITDA/net finance cost)*	n/a	1.70	4.03	3.78
Net profit margin *(Profit after tax/revenue)*	n/a	3%	24%	18%
Earnings per share (£) *(Profit after tax/number of shares)*	n/a	0.01	0.07	0.05

In **FY2018**, total revenue increased by £2.3 million to £8.3 million (FP2017: £5.9 million) primarily due to the fact that FP2017 covered only 10 months as compared to a full financial year in 2018. During the year, management initiated a review of the pricing model with regard to the 6PM Group's offerings. In addition, revised budgeting and bid processes were implemented to improve efficiency and profitability. Both have contributed to converting a negative EBITDA of £2.9 million in FP2017 to a positive EBITDA of £1.6 million in FY2018.

Depreciation and amortisation was lower in FY2018 by £0.7 million to £0.6 million (FP2017: £1.4 million). Net finance costs were comparable to the prior period at £0.9 million, while no impairments were accounted for in FY2018 (2017: £0.4 million). The 6PM Group registered a profit after tax in FY2018 of £0.2 million compared to a loss after tax of £5.8 million in the prior financial period.

In **FY2019**, total revenue declined by £1.7 million (-20%) to £6.6 million (FY2018: £8.3 million) as the 6PM Group sought to improve or exit low-earning or loss-making activities. During the financial year, the 6PM Group signed a deal with Virgin Care Services to provide the Lilie software in support of Cheshire West and Chester Council as well as Bolton NHS Foundation Trust. The 6PM Group also secured a long-term five-year extension for iFIT across 3 sites within the Betsi Cadwaladr Health Board, along with continued commitments from Gloucester, North Devon and Cumbria.

Notwithstanding the reduction in revenue, the 6PM Group reported a notable increase in EBITDA from £1.6 million in FY2018 to £2.4 million (+64%). This improved performance had a positive impact on total comprehensive income, which increased by £1.3 million, from £0.2 million in FY2018 to £1.5 million in FY2019. However, it is to be noted that an amount of £0.3 million of total comprehensive income is attributable to assets sold shortly after year-end (Six-PM Health Solutions (Ireland) Ltd and the business of emCare360 Ltd)

For the forecast year (**FY2020)**, the 6PM Group is projecting to generate revenue amounting to £5.7 million, a decrease of £0.9 million (-13%) compared to the prior year (FY2019: £6.6 million). In contrast, EBITDA is expected to increase marginally from £2.4 million in FY2019 to £2.5 million, reflecting the new pricing model and better control of costs by management.

No material movements are expected in depreciation & amortisation and net finance costs, but tax charge is expected to increase substantially from £16,000 in FY2019 to £0.3 million in FY2020. Overall, the 6PM Group is projecting total comprehensive income in FY2020 to amount to £1.0 million, a year-on-year decrease of £1.5 million. Excluding the comprehensive income generated by discontinued operations in FY2019, the year-on-year decline is expected to amount to £0.2 million, from £1.2 million in FY2019 to £1.0 million.

The revisions implemented by management in relation to the 6PM Group's pricing model and business processes are having a positive impact on the 6PM Group's profitability. In particular, the operating profit margin has improved from 19% in FY2018 to 37% in FY2019, and is expected to increase further to 44% in FY2020. Similarly, net profit margin increased substantially from 3% in FY2018 to 24% in FY2019 (reflecting improved trading and utilisation of tax loss carried forward), but is expected to settle back to 18% in FY2020 reflecting the ongoing trading performance (with minimal tax loss offset). A higher EBITDA has improved the 6PM Group's interest cover from 1.70 times in FY2018 to 4.03 times in FY2019. The interest cover in FY2020 is projected at 3.78 times, which means that the 6PM Group is expected to generate almost 4 times more EBITDA when compared to the finance cost for the year.

6PM Holdings p.l.c. Consolidated Statement of Financial Position as at 31 October	2017 Actual £'000	2018 Actual £'000	2019 Actual £'000	2020 Forecast £'000
ASSETS				
Non-current assets				
Intangible assets	1,376	1,042	928	541
Property, plant and equipment	194	121	46	56
Financial assets	19	19	19	19
Receivables	53	36	18	18
Deferred tax assets	71	15	8	7
	1,713	1,233	1,019	641
Current assets				
Inventories	163	107	77	57
Trade and other receivables	3,372	3,059	2,508	1,891
Cash and cash equivalents	943	1,100	462	498
	4,478	4,266	3,047	2,446
Total assets	**6,191**	**5,499**	**4,066**	**3,087**
EQUITY				
Equity and reserves				
Share capital	4,151	4,151	4,151	4,151
Reserves	(1,131)	(1,183)	(1,304)	-
Retained earnings	(22,954)	(22,737)	(21,642)	(22,069)
Non-controlling interest	38	28	(88)	-
	(19,896)	**(19,741)**	**(18,883)**	**(17,918)**
LIABILITIES				
Non-current liabilities				
Bank loans and bonds	11,238	11,491	11,584	11,609
	11,238	11,491	11,584	11,609
Current liabilities				
Bank overdrafts and loans	966	793	-	-
Trade and other payables	13,883	12,956	11,365	9,396
	14,849	13,749	11,365	9,396
	26,087	**25,240**	**22,949**	**21,005**
Total equity and liabilities	**6,191**	**5,499**	**4,066**	**3,087**

Key Accounting Ratios	FP2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Forecast
Net debt to EBITDA (years) *(Total debt less cash balances/EBITDA)*	n/a	7.16	4.55	4.43
Liquidity ratio *(Current assets/current liabilities)*	0.30	0.31	0.27	0.26
Gearing *(Net debt/net debt and shareholders' equity)*	n/a	n/a	n/a	n/a
Return on capital employed *(EBITDA/total assets less current liabilities)*	n/a	n/a	n/a	n/a
Return on assets *(Profit after tax/total assets)*	n/a	4%	39%	33%
Net asset value per share *(Shareholders' equity/number of shares)*	n/a	n/a	n/a	n/a

Trade and other payables as at 31 October 2019 include related party payables amounting to £7.0 million (2018: £6.6 million).

Net liabilities as at 31 October 2019 amount to £18.9 million (FY2018: net liabilities of £19.7 million). Despite this adverse balance sheet position, the Directors are of the view that the 6PM Group has adequate access to resources to continue to operate as a going concern for the foreseeable future. This statement by the Directors has been made after taking into consideration the 6PM Group's profitability, statement of financial position, capital adequacy, solvency and assurance of adequate financial support from the Idox Group, as set out in 8.1.

The 6PM Group has negative net shareholders' funds and moreover, current liabilities are higher than total assets. Consequently, certain ratios such as the gearing ratio and return on capital employed cannot be computed. An alternative to assessing leverage is the net debt to EBITDA ratio. In the case of the 6PM Group, this ratio has improved from 7.16 years in FY2018 to 4.55 years in FY2019, and should continue to improve in FY2020, whereby it is anticipated that it will take 4.43 years for the 6PM Group to pay back its debt (if net debt and EBITDA are held constant).

6PM Holdings p.l.c. **Statement of Cash Flows** **for the period/year ended 31 October**	**2017** **(10 mths)** **Actual** **£'000**	**2018** **(12 mths)** **Actual** **£'000**	**2019** **(12 mths)** **Actual** **£'000**	**2020** **(12 mths)** **Forecast** **£'000**
Net cash from operating activities	3,285	1,498	1,310	844
Net cash from investing activities	31	(321)	(521)	(203)
Net cash from financing activities	(1,524)	(795)	(681)	(663)
Net movement in cash and cash equivalents	**1,792**	**382**	**108**	**(22)**
Cash and cash equivalents at beginning of period/year	(1,525)	(23)	307	462
Effect of foreign exchange rates	(290)	(52)	47	58
Cash and cash equivalents at end of period/year	**(23)**	**307**	**462**	**498**

Net cash inflow from operating activities in FY2019 was lower on a comparable basis by £0.2 million to £1.3 million (FY2018: £1.5 million), mainly on account of an adverse movement in working capital (-£0.5 million) which was partly mitigated by higher year-on-year cash inflow from operations (+£0.3 million).

Net cash outflow from investing activities increased from £0.3 million in FY2018 to £0.5 million in FY2019 and primarily includes wages capitalised as software development (intangible asset).

Net cash outflow from financing activities in FY2019 comprised payments of interest on outstanding bonds and bank facilities, and amounted to £0.7 million (FY2018: £0.8 million).

Net movement in cash and cash equivalents for FY2020 is expected to amount to -£22,000 compared to +£108,000 in FY2019, principally due to a year-on-year decrease in net cash inflows from operating activities of £0.5 million (as the company expects to continue to reduce outstanding trade and other payables) and a saving of £0.3 million in net cash outflows from investing activities.

10. VARIANCE ANALYSIS

The following financial information relates to the variance analysis between the forecasted financial information for the year ended 31 October 2019 included in the prior year's Financial Analysis Summary dated 18 April 2019 and the audited consolidated financial statements for the year ended 31 October 2019.

6PM Holdings p.l.c.
Statements of Total Comprehensive Income
for the year ended 31 October 2019

	Actual	Forecast	Variance
	£'000	**£'000**	**£'000**
Revenue	7,403	8,142	(739)
Net operating expenses	(4,661)	(5,917)	1,256
EBITDA[1]	**2,742**	**2,225**	**517**
Depreciation and amortisation	(548)	(586)	38
Net finance costs	(606)	(221)	(385)
(Loss)/profit before tax	**1,588**	**1,418**	**170**
Taxation	(17)	(220)	203
(Loss)/profit after tax	**1,571**	**1,198**	**373**
Other comprehensive income			
Exchange differences	(121)	(385)	264
Total comprehensive (expense)/income	**1,450**	**813**	**637**

[1] *EBITDA - Earnings before interest, tax, depreciation and amortisation.*

As presented in the above table, 6PM Group's revenue for FY2019 was lower than forecasted by £0.7 million (-9%), principally due to weaker than expected revenue generated from licences & products and services (-£1.4 million) which was partly mitigated by higher actual support & maintenance revenue (+£0.7 million). Notwithstanding lower than anticipated revenue, actual EBITDA was higher than projections by £0.5 million. A positive variance in taxation and exchange difference compensated for a negative variance in net finance costs, thereby resulting in a £0.6 million positive variance in total comprehensive income.

6PM Holdings p.l.c.
Statements of Cash Flows
for the year ended 31 October 2019

	Actual £'000	Forecast £'000	Variance £'000
Net cash from operating activities	1,310	1,520	(210)
Net cash from investing activities	(521)	-	(521)
Net cash from financing activities	(681)	(994)	313
Net movement in cash and cash equivalents	**108**	**526**	**(418)**
Cash and cash equivalents at beginning of period/year	307	307	-
Effect of foreign exchange rates	47	(50)	97
Cash and cash equivalents at end of year	**462**	**783**	**(321)**

Actual 2019 net cash from operating activities was lower than forecast by £210,000, due to an adverse movement in net working capital. Net cash used in investing activities amounted to £521,000 compared to a forecast figure of £ nil. The variance is primarily due to the capitalisation of wages as intangible assets (software development) which was not factored in the projected financial information. The difference between actual and forecast net cash used in financing activities is a positive variance of £313,000 as outstanding bank loan facilities were lower than forecast, thereby resulting in lower actual interest paid during the year. The afore-mentioned variances resulted in a lower than expected net movement in cash and cash equivalents amounting to £418,000.

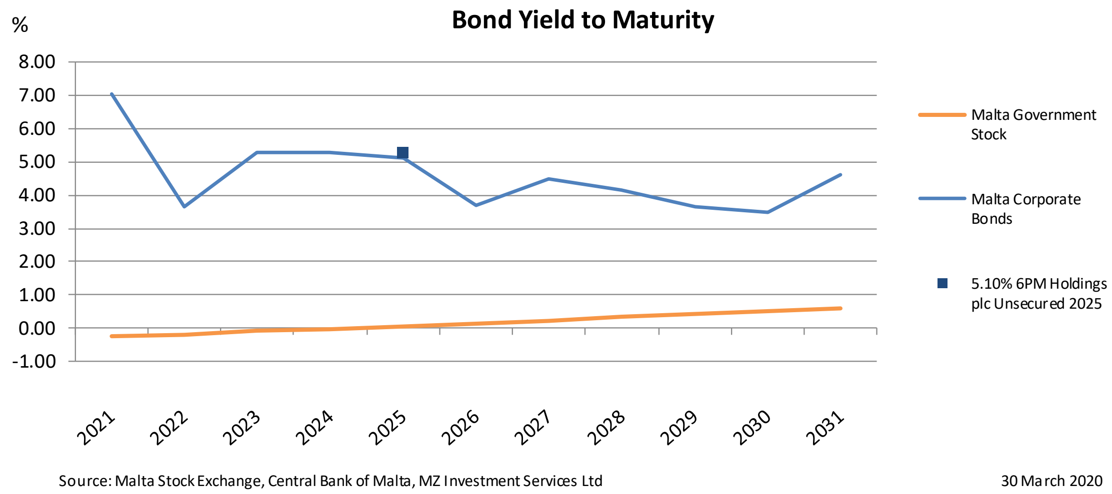
PART 3 - COMPARABLES

The table below compares the Company and its bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Company and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Company's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Company.

Comparative Analysis	**Nominal Value** (€)	**Yield to Maturity (%)**	**Interest Cover (times)**	**Total Assets** (€'000)	**Net Asset Value** (€'000)	**Gearing Ratio** (%)
5.50% Pendergardens Developments plc Secured € 2020 Series	14,711,300	0.00	1.23	80,052	25,712	48.95
5.80% International Hotel Investments plc 2021	20,000,000	7.04	3.27	1,617,853	877,620	36.63
3.65% GAP Group plc Secured € 2022	37,298,500	3.65	4.45	55,237	9,869	71.82
6.00% Pendergardens Developments plc Secured € 2022 Series	26,921,200	5.93	1.23	80,052	25,712	48.95
4.25% GAP Group plc Secured € 2023	19,643,000	3.63	4.45	55,237	9,869	71.82
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	5.29	0.76	27,159	6,916	62.72
5.80% International Hotel Investments plc 2023	10,000,000	4.57	3.27	1,617,853	877,620	36.63
6.00% AX Investments Plc € 2024	40,000,000	5.56	5.55	342,395	226,115	19.63
6.00% International Hotel Investments plc € 2024	35,000,000	6.14	3.27	1,617,853	877,620	36.63
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	5.29	5.33	83,223	44,177	43.99
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	4.99	2.29	112,006	43,514	51.65
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	6.10	1.41	120,794	38,318	52.41
4.25% Best Deal Properties Holding plc Secured € 2024	16,000,000	4.49	4.02	25,986	3,432	82.64
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	5.98	3.27	1,617,853	877,620	36.63
5.10% 6PM Holdings plc Unsecured € 2025	**13,000,000**	**5.25**	**4.03**	**4,066**	**- 18,883**	-
4.50% Hili Properties plc Unsecured € 2025	37,000,000	5.13	1.55	154,742	52,242	61.72
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	3.69	13.74	28,166	6,135	60.96
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.44	2.74	1,784,681	908,883	40.11
4.00% International Hotel Investments plc Secured € 2026	55,000,000	4.18	3.27	1,617,853	877,620	36.63
3.75% Premier Capital plc Unsecured € 2026	65,000,000	4.01	12.63	179,451	48,701	54.42
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	4.52	3.27	1,617,853	877,620	36.63
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.16	5.55	341,785	227,069	19.11
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.69	8.48	316,563	132,582	31.98
4.00% Eden Finance plc Unsecured € 2027	40,000,000	4.50	5.68	185,717	103,511	31.82
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	4.17	3.73	202,425	115,827	32.23
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	4.14	3.44	455,113	86,390	73.98
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.66	3.73	202,425	115,827	32.23
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	4.32	3.44	455,113	86,390	73.98
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.75	5.55	341,785	227,069	19.11

30-Mar-20

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd



To date, there are no corporate bonds which have a redemption date beyond 2031.

The Malta Government Stock yield curve has been included as it is the benchmark risk-free rate for Malta. The 6PM Group bonds are trading at a yield of 5.25%, which is *circa* 12 basis points above other corporate bonds maturing in the same year. The premium over FY2025 Malta Government Stock is 519 basis points.

Due to the global economic fallout from the coronavirus outbreak, the difference between corporate bond yields and benchmark Malta Government Stock yields has widen across the entire yield curve. The market is worried that this unprecedented event will bring about an economic slowdown. This in turn could adversely affect operational results of companies generally and weaken issuers' ability to service outstanding debt securities and repay same on maturity.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated from business activities during the financial year, including licences, products, services and support & maintenance.
Net operating expenses	Net operating expenses include the cost of products, labour expenses, and all other direct expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Share of results of associates	The 6PM Group owns minority stakes in a number of companies (less than 50% plus one share of a company's share capital). The results of such companies are not consolidated with the subsidiaries of the 6PM Group, but the 6PM Group's share of profit is shown in the profit and loss account under the heading 'share of results of associates'.
Profit after tax	Profit after tax is the profit made during the financial year both from operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.
Balance Sheet	
Non-current assets	Non-current asset are long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the cost of the asset is allocated over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include goodwill and other intangible assets, property, plant & equipment and investments accounted for using the equity method.
Current assets	Current assets are all assets which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	Long-term financial obligations that are not due within the present accounting year, and include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.

Interest cover	The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's interest expense of the same period.
Net debt to EBITDA	The net debt to EBITDA ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.