
FINANCIAL ANALYSIS SUMMARY

26 APRIL 2023

ISSUER

6PM HOLDINGS P.L.C.

(C 41492)



MZ INVESTMENTS



The Directors
6PM Holdings p.l.c.
52, St Christopher Street
Valletta VLT 1462, Malta

26 April 2023

Dear Sirs,

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the MFSA Listing 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 this 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 also based on our own computations as follows:

- (a) Historical financial data relating to Idox plc for the most recent three financial years (ending 31 October 2020, 31 October 2021, and 31 October 2022) has been extracted from Idox Group’s audited consolidated annual financial statements.
- (b) Historical financial data relating to 6PM Group for the most recent three financial years (ending 31 October 2020, 31 October 2021, and 31 October 2022) has been extracted from the Issuer’s audited consolidated annual financial statements.
- (c) The forecast data of the 6PM Group for the financial year ending 31 October 2023 has been provided by the Company.
- (d) Our commentary on the financial results, cash flows, and financial position of Idox Group and 6PM Group is based on explanations provided by the Company.
- (e) The ratios quoted in this Analysis have been computed by us by applying the definitions set out in Part 4 – ‘Explanatory Definitions’ of this report.



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- (f) Relevant financial data in respect of the companies included in Part 3 – ‘Comparative Analysis’ of this report has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies, as well as other sources providing financial data.

This 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 company Idox plc. This Analysis does not contain all data that is relevant to investors or potential investors. This 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 this 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

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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 and its purpose is to act as a holding and finance company. The 6PM Group has no trading activities and is therefore fully reliant on the guaranteed support of **Idox plc** to honour all current and future liabilities.

Idox plc is established in the UK and its shares are quoted on the AIM market. The Idox Group is a supplier of specialist information management software and solutions to the public and asset intensive sectors.

2. DIRECTORS

The Company is managed by a Board consisting of five directors entrusted with its overall direction and management.

Board of Directors

David John Meaden	Executive
Anoop Kang	Executive
Philip Kelly	Independent, Non-Executive
Christopher Stone	Independent, Non-Executive
Alice Cummings	Independent, Non-Executive

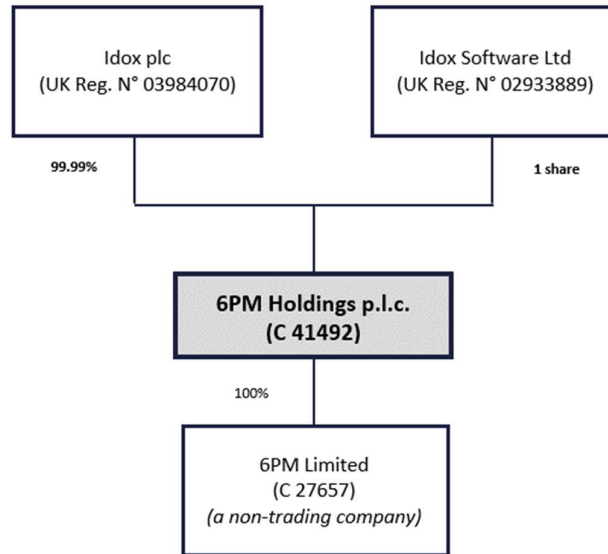
Audit Committee

Alice Cummings	Independent, Non-Executive
Philip Kelly	Independent, Non-Executive
Christopher Stone	Independent, Non-Executive



3. 6PM GROUP ORGANISATIONAL STRUCTURE

The organisational structure of the 6PM Group as at the date of this report is illustrated hereunder.



4. 6PM GROUP BUSINESS OVERVIEW

Following the disposal of Idox Health Limited on 30 June 2020 and 6PM Nearshore DOOEL on 28 January 2021 to Idox plc, the 6PM Group ceased to conduct any trading activities. Consequently, as of 1 February 2021, the Company acts as a holding and finance vehicle of the 6PM Group.

In so far as the going concern of the Company is concerned, Idox plc is committed to continue providing the necessary financial assistance to 6PM Group. On this basis, and on the back of the assurance that Idox plc will continue supporting the 6PM Group financially on an ongoing basis with a view of enabling the Company to meet its liabilities as and when they fall due, the Directors of the Issuer consider that 6PM Group has adequate access to resources to continue in business for the foreseeable future.

In making this assessment, the Directors have considered Idox Group's budgets, its high level of recurring revenues which are predominantly generated from public sector markets, the cash flow forecasts, as well as the significant liquidity with cash and available committed bank facilities coupled with strong headroom against financial covenants.

A brief description of the business activities and financial performance of the Idox Group is provided in Section 5 below.



5. IDOX GROUP BUSINESS OVERVIEW

5.1 PRINCIPAL ACTIVITIES

The Idox Group operates primarily in the United Kingdom (“UK”), the United States of America (“USA”), and Europe. The average number of employees during FY2022 for continuing operations was 578 (FY2021: 522). In FY2022, the Idox Group was organised into two operating segments as described below:

- (i) **‘Public Sector Software’** (“PSS”) – this segment provides specialist information management solutions and services to the public sector. It comprises several sub-divisions including health, computer aided facilities management, databases, social care, elections, local authority, and transport.
- (ii) **‘Engineering Information Management’** (“EIM”) – this segment provides engineering document management and control solutions to asset intensive industry sectors such as oil, gas, and construction companies. Customers can be asset constructors (engineering, procurement, or construction) or asset owner-operators. Solutions are delivered from the UK to customers all over the world via sales teams principally located in the UK, France, and the US.

In March/April 2021, Idox Group disposed of the **‘Content’** businesses for a net consideration of £10.7 million. This operating segment used to provide solutions to corporate, public, and commercial customers in the fields of grant funding applications as well as e-learning and employee compliance.

Most of the proceeds from the sale of the **‘Content’** businesses were invested in the acquisition of three companies: (i) Aligned Assets; (ii) thinkWhere; and (iii) exeGesIS. The integration of these entities proceeded at a fast pace during FY2022, including the core operating systems and related processes into Idox Software Limited.

In October 2022, the Idox Group concluded the acquisition of LandHawk Software Services Limited for £1.1 million which integration is currently underway. This latest growth initiative is aimed at further enhancing the core PSS offering of Idox Group. In fact, LandHawk provides land mapping and geographic information systems (“GIS”) that fit very well with the local authority and property business of Idox Group. Moreover, LandHawk allows clients to identify off-market land opportunities effectively and efficiently by bringing together geospatial intelligence in a user-friendly cloud-native software solution. Whilst allowing clients to complete development feasibility studies, LandHawk also provides GIS data directly to clients for use in their own applications, alongside a managed service to support clients in sourcing off-market land. This customer base provides new market opportunities for Idox Group and is a complimentary extension of its existing local authority land and property base.

Goodwill arising on the acquisition of LandHawk has been capitalised and largely consists of the value of the synergies and economies of scale expected from combining the operations of LandHawk with Idox Group. None of the goodwill recognised is expected to be deductible for income tax purposes. The purchase of LandHawk has been accounted for using the acquisition method of accounting.



The acquisition of LandHawk also took place in the context of the strategy adopted by Idox Group in recent years with a view of increasing the overall quality of business and strengthen its presence in the market. Indeed, Idox Group started FY2023 on a positive note and in line with expectations on the back of the high levels of recurring revenue, contract renewals, orderbook and pipeline which provide good visibility that supports the target of organic double-digit growth in income in FY2023.

For the future, Idox Group will continue to target further acquisitions to leverage its platform and outreach while investing in internal capabilities that support its existing customer base. The business has a strong foundation in property and asset-based solutions and this, along with Idox Group's focus on digital transformation and Cloud provision, will underpin the company's strategy and growth going forward.

5.2 REVENUE ANALYSIS

The following table sets out the revenues for each of Idox Group's segments from its continuing and discontinued activities. 'Recurring revenue' is defined as revenues associated with access to a specific ongoing service, with invoicing that typically recurs on an annual basis and underpinned by either a multi-year or rolling contract. These services include support and maintenance, software-as-a-service fees, hosting services, as well as managed service arrangements which involve a fixed fee irrespective of consumption. On the other hand, 'non-recurring revenue' is defined as revenues without any formal commitment from the customer to recur on an annual basis.

IDOX PLC			
Revenue Analysis			
for the financial year ended 31 October			
	2020	2021	2022
	Actual	Actual	Actual
	£'000	£'000	£'000
Public Sector Software	48,426	54,114	58,283
Engineering Information Management	8,858	8,071	7,901
Idox Software – continuing operations	57,284	62,185	66,184
Content – discontinued operations	10,733	3,897	-
Total revenue	68,017	66,082	66,184
Continuing operations:			
Recurring revenues	35,749	36,250	40,546
Non-recurring revenues	21,535	25,935	25,638
Total revenue	57,284	62,185	66,184

Despite the disposal of the Content businesses in FY2021, total revenue increased marginally to £66.2 million in FY2022 compared to £66.1 million in the previous comparable period (when also including discontinued operations). This improvement was driven by the 7.7% upsurge (or +£4.17 million) in income generated by PSS to £58.3 million (FY2021: £54.1 million) which outweighed the 2.11% decline in EIM to £7.9 million (FY2021: £8.07 million). Accordingly, total revenue from continuing operations



(on a like-with-like basis) increased by 6.43% (or +£4.0 million) when compared to the £62.2 million figure recorded in FY2021.

In terms of the type of income generated by Idox Group in FY2022, 'recurring revenue' grew by almost 12% (or +£4.3 million) to £40.5 million compared to £36.3 million in FY2021. Furthermore, the proportion of 'recurring revenue' as a percentage of total continuing operations increased to 61.3% from 58.3% in FY2021.

Within PSS, 'recurring revenue' increased by 14.8% (or +£4.45 million) to £34.6m compared to £30.1 million in the previous financial year. On the other hand, 'recurring revenues' within the EIM operating arm remained relatively stable at just under £6.0 million (FY2021: £6.14 million). The growth recorded by PSS reflected the increase in activity in Idox Group's Local Authority and Grants businesses which was also supported by new contracts and a full year contribution from Aligned Assets, exeGesIS, and thinkWhere.

'Non-recurring revenues' contracted by 1.15% to £25.6 million in FY2022 compared to £25.9 million in the 2021 financial year. PSS recorded a small reduction in income of £0.28 million to £23.7 million (FY2021: £24.0 million) whilst the contribution of EIM remained virtually unchanged at £1.91 million (FY2021: £1.93 million).

5.3 FINANCIAL HIGHLIGHTS

The financial tables set out below provide information on Idox plc for the financial years ended 31 October 2020, 31 October 2021, and 31 October 2022. This financial data has been extracted from the audited annual consolidated financial statements for each of the stated financial years.

IDOX PLC			
Consolidated Statement of Comprehensive Income			
for the financial year ended 31 October			
	2020	2021	2022
	Restated	Actual	Actual
	£'000	£'000	£'000
Revenue	57,284	62,185	66,184
Net operating expenses	(40,046)	(42,666)	(43,675)
EBITDA	17,238	19,519	22,509
Depreciation and amortisation	(10,063)	(10,204)	(10,584)
Operating profit	7,175	9,315	11,925
Restructuring, acquisition and other costs	(3,183)	(1,675)	(3,267)
Net finance costs	(2,177)	(372)	(2,056)
Profit before tax	1,815	7,268	6,602
Taxation	(1,338)	(1,237)	(991)
Profit / (loss) for the year from discontinued operations	799	5,918	(567)
Profit after tax	1,276	11,949	5,044
Other comprehensive income			
Exchange differences	(97)	(108)	428
Total comprehensive income	1,179	11,841	5,472

FY2020 has been restated due to the Content businesses being reclassified as discontinued operations.



IDOX PLC**EBITDA Analysis (Earnings before interest, tax, depreciation, amortisation, restructuring, acquisition and other costs)****for the financial year ended 31 October**

	2020	2021	2022
	Restated	Actual	Actual
	£'000	£'000	£'000
EBITDA:			
Public Sector Software	15,536	17,969	20,974
Engineering Information Management	1,702	1,550	1,535
	17,238	19,519	22,509
EBITDA margin:			
Public Sector Software (%)	32.08	33.21	35.99
Engineering Information Management (%)	19.21	19.20	19.43

Key Financial Ratios	FY2020	FY2021	FY2022
	Actual	Actual	Actual
EBITDA margin (%) <i>(EBITDA/revenue)</i>	30.09	31.39	34.01
Operating profit margin (%) <i>(Operating profit/revenue)</i>	12.53	14.98	18.02
Net profit margin (%) <i>(Profit after tax/revenue)</i>	2.23	19.22	7.62
Return on equity (%) <i>(Profit after tax/average equity)</i>	2.79	22.18	7.87
Return on assets (%) <i>(Profit after tax/average assets)</i>	1.00	8.79	3.83
Return on invested capital (%) <i>(Operating profit/average equity and net debt)</i>	12.36	13.47	16.19
Interest cover (times) <i>(EBITDA/net finance costs)</i>	7.92	52.47	10.95

Source: M.Z. Investment Services Limited

In FY2022, EBITDA surged by 15.3% (or +£2.99 million) to £22.5 million (FY2021: £19.5 million) reflecting the improved contribution and profitability of PSS which increased its EBITDA by 16.7% to just under £21 million (FY2021: £18.0 million). Moreover, the EBITDA margin of PSS increased to 36.0% compared to 33.2% in the previous financial year. On the other hand, the EIM segment generated a relatively unchanged EBITDA of £1.54 million (FY2021: £1.55 million), translating into an EBITDA margin of 19.4% (FY2021: 19.2%).



Overall, the EBITDA margin of Idox Group stood at 34.0% in FY2022 compared to 31.4% in the previous financial year, reflecting a combination of operational efficiencies, changes in product/service mix, as well as pricing. Going forward, Idox Group will seek to increase its efforts at continuing to improve efficiencies through marginal gains across the various sales, development, professional services, and support activities, as well as leverage the common resources within the Group with a view of driving higher margins through improved economies of scale.

Despite the improved profitability at operational level (which also translated into a higher return on invested capital of 16.2% compared to 13.5% in FY2021), the net profit margin contracted notably to 7.62% compared to 19.2% in the prior financial year. Furthermore, the return on equity and return on assets declined to 7.87% (FY2021: 22.2%) and 3.83% (FY2021: 8.79%) respectively. This was due to the drop in net profit to £5.04 million (FY2021: £11.9 million) largely reflecting:

- (i) the increase in 'Restructuring, acquisition, and other costs' to £3.27 million (FY2021: £1.68 million) which also includes the finalisation costs amounting to £0.6 million related to the disposal of the 'Content' businesses.
- (ii) the increase in net finance costs to £2.06 million compared to £0.37 million in FY2021.
- (iii) the loss of £0.57 million from discontinued operations compared to the profit of £5.92 million posted in the 2021 financial year.

Restructuring costs for the year amounted to £0.47 million (FY2021: gain of £0.09 million) as these related to initiatives taken by Idox Group aimed at further simplifying its organisational structure. In addition, Idox Group incurred £0.18 million in acquisition costs (FY2021: gain of £0.13 million) relating to the acquisition of LandHawk as well as the finalisation fees associated with the acquisition of Aligned Assets, thinkWhere, and exeGesIS in FY2021.

Idox Group also recorded higher share option costs and net finance costs in FY2022. The former amounted to £2.58 million (FY2021: £1.79 million) and comprised the accounting charge for awards made under Idox Group's long-term 'Incentive Plan' for its Executive Directors. Meanwhile, net finance costs increased to £2.06 million compared to just £0.37 million in FY2021, reflecting the significant adverse impact amounting to £1.0 million in non-cash foreign exchange movements on the Issuer's bond, as well as a £0.7 million non-cash adverse impact of an effective interest rate accounting adjustment on drawn loan balances. Nonetheless, although the interest cover weakened to 11 times compared to over 50 times in FY2021, this was still higher than the level of 7.92 times achieved in FY2020, reflecting the significant growth in EBITDA recorded by Idox Group in recent years.



IDOX PLC			
Consolidated Cash Flow Statement			
for the financial year ended 31 October			
	2020	2021	2022
	Actual	Actual	Actual
	£'000	£'000	£'000
Net cash from operating activities	21,349	16,554	15,647
Net cash used in investing activities	(7,124)	(5,542)	(9,835)
Net cash from / (used in) financing activities	9,458	(23,080)	(10,624)
Net movement in cash and cash equivalents	23,683	(12,068)	(4,812)
Cash and cash equivalents at beginning of year	7,023	30,812	18,283
Effect of foreign exchange rates	106	(461)	393
Cash and cash equivalents at end of year	30,812	18,283	13,864
Free cash flow:			
Net cash from operating activities	21,349	16,554	15,647
Less: Capital expenditure	(6,929)	(5,747)	(7,558)
Lease payments	(1,545)	(1,154)	(927)
Free Cash Flow	12,875	9,653	7,162

In FY2022, the net amount of cash generated from operating activities dropped by 5.48% (or -£0.91 million) to £15.6 million (FY2021: £16.6 million). The higher level of cash flows from operations (+11.7%) was offset by a tax payment of £2.62 million (including the settlement of VAT deferrals from the previous year of £1.0 million which were part of Idox Group's Covid-19 pandemic defensive actions) compared to the tax refund of £0.21 million received in the 2021 financial year.

Net cash outflow from investing activities increased substantially to £9.84 million compared to £5.54 million in the previous financial year. During FY2022, Idox Group used £9.01 million to conclude the acquisition of subsidiaries (including £6.65 million for intangible assets) whilst in the 2021 financial year, a net amount of £4.5 million was used when including the inflow of funds received from the disposal of the 'Content' businesses.

In FY2022, free cash flow amounted to £7.16 million compared to £9.65 million in FY2021. The drop was due to the lower level of net cash generated from operating activities (post-tax) as well as the increase in capital expenditure during year.

Net cash outflow from financing activities dropped considerably to £10.6 million from £23.1 million in FY2021. This was principally due to the much lower amount of net loan repayments made by Idox Group during the year which totalled £6.60 million compared to £19.4 million in the 2021 financial year.

Overall, cash and cash equivalents contracted by £4.81 during FY2022 (FY2021: -£12.1 million) as Idox Group ended the 2022 financial year with a cash balance of £13.9 million compared to £18.3 million as at 31 October 2021.



IDOX PLC**Consolidated Balance Sheet**

as at 31 October

	2020	2021	2022
	Actual	Actual	Actual
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Intangible assets	81,652	92,025	92,410
Property, plant and equipment	1,183	1,307	1,380
Right-of-use assets	3,726	2,363	1,782
Investments	18	-	-
Deferred tax assets	1,111	2,623	2,679
	<u>87,690</u>	<u>98,318</u>	<u>98,251</u>
Current assets			
Trade and other receivables	18,700	16,968	17,912
Current tax	1,117	-	-
Cash and cash equivalents	30,812	18,283	13,864
	<u>50,629</u>	<u>35,251</u>	<u>31,776</u>
Total assets	<u>138,319</u>	<u>133,569</u>	<u>130,027</u>
EQUITY			
Equity and reserves			
Share capital	4,450	4,469	4,525
Reserves	51,459	54,219	55,408
Retained earnings	(8,951)	2,122	7,483
	<u>46,958</u>	<u>60,810</u>	<u>67,416</u>
LIABILITIES			
Non-current liabilities			
Bank loans and bonds	46,900	26,392	20,526
Lease liabilities	2,695	1,747	1,265
Other non-current liabilities	6,337	7,369	7,124
	<u>55,932</u>	<u>35,508</u>	<u>28,915</u>
Current liabilities			
Lease liabilities	1,188	727	545
Trade and other payables	34,241	36,524	33,151
	<u>35,429</u>	<u>37,251</u>	<u>33,696</u>
	<u>91,361</u>	<u>72,759</u>	<u>62,611</u>
Total equity and liabilities	<u>138,319</u>	<u>133,569</u>	<u>130,027</u>
<i>Total debt</i>	<i>50,783</i>	<i>28,866</i>	<i>22,336</i>
<i>Net debt</i>	<i>19,971</i>	<i>10,583</i>	<i>8,472</i>
<i>Invested capital (total equity plus net debt)</i>	<i>66,929</i>	<i>71,393</i>	<i>75,888</i>



Key Financial Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual
Net debt-to-EBITDA (<i>times</i>) (<i>Net debt / EBITDA</i>)	1.16	0.54	0.38
Net debt-to-equity (<i>times</i>) (<i>Net debt / total equity</i>)	0.43	0.17	0.13
Net gearing (%) (<i>Net debt / net debt and total equity</i>)	29.84	14.82	11.16
Debt-to-asset (<i>times</i>) (<i>Total debt / total assets</i>)	0.37	0.22	0.17
Leverage (<i>times</i>) (<i>Total assets / total equity</i>)	2.95	2.20	1.93
Current ratio (<i>times</i>) (<i>Current assets / current liabilities</i>)	1.43	0.95	0.94
Source: M.Z. Investment Services Limited			

The Idox Group's net assets increased by 10.9% to £67.4 million compared to £60.8 million at 31 October 2021. Whilst total assets contracted by 2.65% (or -£3.54 million) to £130.0 million (31 October 2021: £133.6 million), total liabilities decreased by almost 14% (or -£10.1 million) to £62.6 million (31 October 2021: £72.8 million) reflecting:

- (i) the significant reduction of 22.6% (or -£6.53 million) in total debt to £22.3 million (when including lease liabilities amounting to £1.81 million) compared to £28.9 million as at 31 October 2021.
- (ii) the 9.24% decline in trade and other payables to £33.2 million compared to £36.5 million as at the end of the 2021 financial year.

In view of the higher level of EBITDA generation and the reduction in overall indebtedness, the credit metrics of Idox Group continued to strengthen during the 2022 financial year. Furthermore, the reduction in the balance of cash and cash equivalents did not come at the expense of Idox Group's liquidity position as the current ratio remained virtually unchanged at 0.94 times reflecting the contraction in trade and other payables as explained above.



PART 2 – 6PM GROUP PERFORMANCE REVIEW

6. FINANCIAL HIGHLIGHTS

The financial information provided hereunder is extracted from the audited consolidated annual financial statements of 6PM Holdings p.l.c. for the financial years ended 31 October 2020 to 31 October 2022. The financial forecasts for the current year ending 31 October 2023 have been provided by the management of the Company.

Results of operations relating to businesses disposed of by the Company have been reclassified in the statements of total comprehensive income under the line item “Profit/(loss) 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 financial year 31 October				
	2020	2021	2022	2023
	Actual	Actual	Actual	Forecast
	£'000	£'000	£'000	£'000
Net operating income / (expenses)	(206)	681	(424)	(78)
EBITDA	(206)	681	(424)	(78)
Gain on sale of investment	1,619	-	-	-
Net finance costs	(596)	(556)	(858)	(697)
Profit / (loss) after tax (from continuing operations)	817	125	(1,282)	(775)
Loss after tax (from discontinued operations)	(935)	(109)	-	-
Profit / (loss) after tax	(118)	16	(1,282)	(775)
Other comprehensive income				
Exchange differences	(221)	727	(312)	(19)
Total comprehensive income / (expense)	(339)	743	(1,594)	(794)



6PM Holdings p.l.c.				
EBITDA (<i>Earnings before interest, tax, depreciation, amortisation, intercompany revenue, impairments and discontinued operations</i>)				
for the financial year 31 October				
	2020	2021	2022	2023
	Actual	Actual	Actual	Forecast
	£'000	£'000	£'000	£'000
Operating profit / (loss)	(1,313)	686	(424)	(78)
<i>Adjustments:</i>				
Discontinued operations	1,107	(5)	-	-
EBITDA	(206)	681	(424)	(78)

Key Financial Ratios				
	FY2020	FY2021	FY2022	FY2023
	Actual	Actual	Actual	Forecast
Return on assets (%) <i>(Profit after tax / average assets)</i>	(5.29)	5.73	(2,489.32)	(7,380.95)
Interest cover (<i>times</i>) <i>(EBITDA / net finance costs)</i>	(0.35)	1.22	(0.49)	(0.11)

During the initial part of **FY2020**, the Company disposed of Six-PM Health Solutions (Ireland) Ltd and the business of emCare360 Ltd. Furthermore, on 30 June 2020, the 6PM Group transferred Idox Health Limited to Idox plc, thus ceasing all its trading operations. In FY2020, 6PM Group incurred a loss after tax of £0.12 million despite a one-off gain of £1.62 million relating to the profit made on the sale of investments.

The 6PM Group forms part of the wider Idox Group and during **FY2021** the Idox Group completed an internal restructuring process with a view of consolidating and simplifying its organisational structure and operations. As a result, the non-trading entities of the 6PM Group merged into 6PM Limited and for the 2021 financial year, the 6PM Group reported a net profit of £0.02 million. Net operating income amounted to £0.68 million which comprised a gain from exchange differences on receivables as well as translation of the euro-denominated bond. Furthermore, net finance costs amounted to £0.56 million and related to the interest payable on the bond.

In **FY2022**, the 6PM Group reported a loss after tax of £1.28 million reflecting net operating expenses of £0.42 million, net finance costs of £0.86 million, as well as adverse exchange differences of £0.31 million.

For **FY2023**, the 6PM Group is projected to report a loss after tax of £0.78 million, comprising bond interest and other charges amounting to £0.7 million and administrative expenses of £0.08 million.



6PM Holdings p.l.c.				
Consolidated Statement of Financial Position				
as at 31 October				
	2020	2021	2022	2023
	Actual	Actual	Actual	Forecast
	£'000	£'000	£'000	£'000
ASSETS				
Non-current assets				
Property, plant and equipment	15	-	-	-
Other non-current assets	39	-	-	-
	<u>54</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current assets				
Trade and other receivables	65	32	8	-
Cash and cash equivalents	354	53	10	3
	<u>419</u>	<u>85</u>	<u>18</u>	<u>3</u>
Total assets	<u>473</u>	<u>85</u>	<u>18</u>	<u>3</u>
EQUITY				
Equity and reserves				
Share capital	4,151	4,151	4,151	4,151
Reserves	(1,340)	(613)	(925)	-
Retained earnings	(22,085)	(22,069)	(23,351)	(25,534)
	<u>(19,274)</u>	<u>(18,531)</u>	<u>(20,125)</u>	<u>(21,383)</u>
LIABILITIES				
Non-current liabilities				
Bank loans and bonds	11,848	10,998	11,325	11,411
	<u>11,848</u>	<u>10,998</u>	<u>11,325</u>	<u>11,411</u>
Current liabilities				
Trade and other payables	7,899	7,618	8,818	9,975
	<u>7,899</u>	<u>7,618</u>	<u>8,818</u>	<u>9,975</u>
	<u>19,747</u>	<u>18,616</u>	<u>20,143</u>	<u>21,386</u>
Total equity and liabilities	<u>473</u>	<u>85</u>	<u>18</u>	<u>3</u>
<i>Total debt</i>	<i>11,848</i>	<i>10,998</i>	<i>11,325</i>	<i>11,411</i>
<i>Net debt</i>	<i>11,494</i>	<i>10,945</i>	<i>11,315</i>	<i>11,408</i>
<i>Invested capital (total equity plus net debt)</i>	<i>(7,780)</i>	<i>(7,586)</i>	<i>(8,810)</i>	<i>(9,975)</i>



Key Financial Ratios	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Forecast
Net debt-to-EBITDA (<i>times</i>) (<i>Net debt / EBITDA</i>)	n/a	16.07	n/a	n/a
Debt-to-asset (<i>times</i>) (<i>Total debt / total assets</i>)	25.05	129.39	629.17	3,803.67
Current ratio (<i>times</i>) (<i>Current assets / current liabilities</i>)	0.05	0.01	n/a	n/a

Trade and other payables as at 31 October 2022 amounted to £8.82 million and mostly comprised related party payables totalling £8.32 million (31 October 2021: £6.91 million).

Net liabilities as at 31 October 2022 amounted to £20.1 million (31 October 2021: £18.5 million). Despite this adverse balance sheet position, the Directors of the Company 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 committed support from Idox Group which has a high level of recurring revenues predominantly generated from public sector markets, Idox Group's cash flow forecasts, as well as its significant liquidity with cash and available committed bank facilities coupled with strong headroom against financial covenants.

The financial position of the 6PM Group is not expected to change materially during the current financial year ending 31 October 2023. Related party payables are expected to increase by £1.16 million to £9.98 million mainly for the purpose of part financing annual administrative expenses and bond interest payable. As a result, the Company's negative equity position is forecasted to increase to £21.4 million compared to £20.1 million as at 31 October 2022.



6PM Holdings p.l.c.				
Statements of Cash Flows				
for the financial year 31 October				
	2020	2021	2022	2023
	Actual	Actual	Actual	Forecast
	£'000	£'000	£'000	£'000
Net cash from / (used in) operating activities	(1,604)	486	799	1,086
Net cash from / (used in) investing activities	3,073	(464)	138	-
Net cash used in financing activities	(1,537)	(855)	(1,024)	(697)
Net movement in cash and cash equivalents	(68)	(833)	(87)	389
Cash and cash equivalents at beginning of year	462	354	53	10
Effect of foreign exchange rates	(40)	532	44	(397)
Cash and cash equivalents at end of year	354	53	10	2

In **FY2021**, net cash from operating activities amounted to £0.49 million compared to a net outflow of £1.60 million in the previous financial year. In FY2020, the net outflow was mainly in consequence of an adverse movement in working capital.

During the same year, net cash used in investing activities amounted to £0.46 million and mainly comprised losses on sales of investments. On the other hand, 6PM Group generated £3.07 million in cash flow from investing activities reflecting the funds received from the disposal of investments.

Net cash outflow from financing activities amounted to £0.86 million (FY2020: £1.54 million) and primarily included net payments of interest on outstanding bonds and other borrowings.

As a result, the net movement in cash and cash equivalents in FY2021 stood at negative £0.83 million compared to a negative movement of £0.07 million in the 2020 financial year.

In **FY2022**, 6PM Group generated £0.80 million in net cash from operating activities reflecting positive changes in working capital.

Cash flows from investing activities amounted to £0.14 million comprising funds received from inter group finance, whilst cash flows used in financing activities amounted to £1.02 million representing interest paid.

Overall, the net movement in cash and cash equivalents in FY2022 stood at negative £0.09 million.

For **FY2023**, the Company is expecting a net positive movement of £0.39 million in cash balances, reflecting an inflow of £1.09 million from operating activities which would be partly offset by an outflow of £0.7 million in cash used in financing activities.



7. VARIANCE ANALYSIS

The following financial information relates to the variance analysis between the forecasted financial information for the year ended 31 October 2022 included in the prior year's Analysis dated 14 March 2022, and the audited consolidated annual financial statements for the year ended 31 October 2022.

6PM Holdings p.l.c.			
Statements of Total Comprehensive Income			
for the financial year ended 31 October 2022			
	Actual	Forecast	Variance
	£'000	£'000	£'000
Net operating expenses	(424)	(69)	(355)
EBITDA	(424)	(69)	(355)
Net finance costs	(858)	(656)	(202)
Loss after tax	(1,282)	(725)	(557)
Other comprehensive income			
Exchange differences	(312)	18	(330)
Total comprehensive expense	(1,594)	(707)	(887)

As illustrated above, the 6PM Group reported a loss after tax of £1.28 million compared to a projected loss of £0.73 million. The variance principally relates to: (i) foreign exchange movements in view of the weakening of the Pound Sterling against the Euro currency; and (ii) additional interest charges as the planned restructuring of intercompany loans did not materialise in 2022, and are now expected to take place during the 2023 financial year.

6PM Holdings p.l.c.			
Statements of Cash Flows			
for the financial year ended 31 October 2022			
	Actual	Forecast	Variance
	£'000	£'000	£'000
Net cash from operating activities	799	446	353
Net cash from investing activities	138	-	138
Net cash used in financing activities	(1,024)	(656)	(368)
Net movement in cash and cash equivalents	(87)	(210)	123
Cash and cash equivalents at beginning of year	53	53	-
Effect of foreign exchange rates	44	174	(130)
Cash and cash equivalents at end of year	10	17	(7)



Net adverse movement in cash and cash equivalents was lower than expected by £0.12 million as the superior level of net cash flows from operating activities (+£0.35 million) as well as the £0.14 million in net cash flows from investing activities offset the higher level (+£0.37 million) of net cash used in financing activities.

6PM Holdings p.l.c.			
Consolidated Statement of Financial Position			
as at 31 October 2022			
	Actual	Forecast	Variance
	£'000	£'000	£'000
ASSETS			
Current assets			
Trade and other receivables	8	1	7
Cash and cash equivalents	10	17	(7)
Total assets	18	18	-
EQUITY			
Equity and reserves			
Share capital	4,151	4,151	-
Reserves	(925)	-	(925)
Retained earnings	(23,351)	(23,347)	(4)
	(20,125)	(19,196)	(929)
LIABILITIES			
Non-current liabilities			
Bank loans and bonds	11,325	11,112	213
	11,325	11,112	213
Current liabilities			
Trade and other payables	8,818	8,102	716
	8,818	8,102	716
	20,143	19,214	929
Total equity and liabilities	18	18	-

The net liability of the Company was lower than expected by £0.93 million largely reflecting the impact of exchange differences arising on translation for consolidation. On the other hand, borrowings and trade and other payables were higher than expected by an aggregate amount of £0.93 million.



PART 3 – COMPARATIVE ANALYSIS

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*	Amount Issued (€'000)	Yield-to-Maturity (%)	Interest Cover (times)	Net Debt-to-EBITDA (times)	Net Gearing (%)	Debt-to-Assets (times)
6.00% AX Investments plc Unsecured & Guaranteed 2024	40,000	5.95	1.75	14.74	30.01	0.28
6.00% International Hotel Investments plc Unsecured 2024	35,000	5.69	1.87	11.42	41.92	0.40
5.30% Mariner Finance plc Unsecured 2024	17,684	5.29	3.84	6.38	46.61	0.46
5.00% Hal Mann Vella Group plc Secured 2024	30,000	4.60	2.60	8.97	53.05	0.46
5.10% 1923 Investments plc Unsecured 2024	36,000	4.10	4.81	2.94	47.79	0.40
4.25% Best Deal Properties Holding plc Secured & Guaranteed 2024	6,501	2.66	13.29	4.71	63.61	0.65
5.75% International Hotel Investments plc Unsecured 2025	45,000	5.74	1.87	11.42	41.92	0.40
5.10% GPM Holdings plc Unsecured 2025	13,000	5.09	10.95	0.38	11.16	0.17
4.50% Hili Properties plc Unsecured & Guaranteed 2025	37,000	4.92	1.52	10.87	32.47	0.43
3.70% GAP Group plc Secured & Guaranteed 2023/2025	17,451	5.35	7.78	2.68	60.31	0.70
4.35% Hudson Malta plc Unsecured & Guaranteed 2026	12,000	4.35	6.24	4.20	68.49	0.59
4.25% CPHCL Finance plc Unsecured & Guaranteed 2026	40,000	4.43	0.83	25.97	40.81	0.41
4.00% International Hotel Investments plc Secured 2026	55,000	3.99	1.87	11.42	41.92	0.40
5.00% Dizz Finance plc Unsecured & Guaranteed 2026	8,000	5.15	0.45	46.81	91.27	0.69
3.75% Premier Capital plc Unsecured 2026	65,000	4.20	11.25	2.09	61.67	0.56
4.00% International Hotel Investments plc Unsecured 2026	60,000	4.24	1.87	11.42	41.92	0.40
3.25% AX Group plc Unsecured 2026	15,000	4.61	1.75	14.74	30.01	0.28
3.90% GAP Group plc Secured & Guaranteed 2024/2026	21,000	4.80	7.78	2.68	60.31	0.70
4.00% Hili Finance Company plc Unsecured & Guaranteed 2027	50,000	4.43	4.53	4.61	71.75	0.65
4.35% SD Finance plc Unsecured & Guaranteed 2027	65,000	5.18	4.60	2.66	27.22	0.27
4.00% Eden Finance plc Unsecured & Guaranteed 2027	40,000	4.39	3.63	5.94	28.55	0.28
5.25% Mediterranean Investments Holding plc Unsecured & Guaranteed 2027	30,000	5.24	2.01	4.15	27.06	0.26
4.00% Stivala Group Finance plc Secured & Guaranteed 2027	45,000	4.12	3.25	8.19	26.66	0.24
4.75% Best Deal Properties Holding Plc Secured & Guaranteed 2025/2027	15,000	4.50	13.29	4.71	63.61	0.65
4.75% Gap Group plc Secured & Guaranteed 2025/2027	23,000	4.48	7.78	2.68	60.31	0.70
3.85% Hili Finance Company plc Unsecured & Guaranteed 2028	40,000	4.61	4.53	4.61	71.75	0.65
3.65% Stivala Group Finance plc Secured & Guaranteed 2029	15,000	4.59	3.25	8.19	26.66	0.24
3.80% Hili Finance Company plc Unsecured & Guaranteed 2029	80,000	4.35	4.53	4.61	71.75	0.65
3.75% AX Group plc Unsecured 2029	10,000	4.19	1.75	14.74	30.01	0.28
6.25% GPH Malta Finance plc Unsecured & Guaranteed 2030	18,144	5.53	1.56	11.27	94.67	0.83
3.65% International Hotel Investments plc Unsecured 2031	80,000	4.00	1.87	11.42	41.92	0.40
3.50% AX Real Estate plc Unsecured 2032	40,000	4.23	2.31	13.83	42.36	0.41
5.00% Mariner Finance plc Unsecured 2032	36,930	4.86	3.84	6.38	46.61	0.46
4.50% The Ona plc Secured & Guaranteed 2028/2034	16,000	4.73	44.94	4.31	51.62	0.60

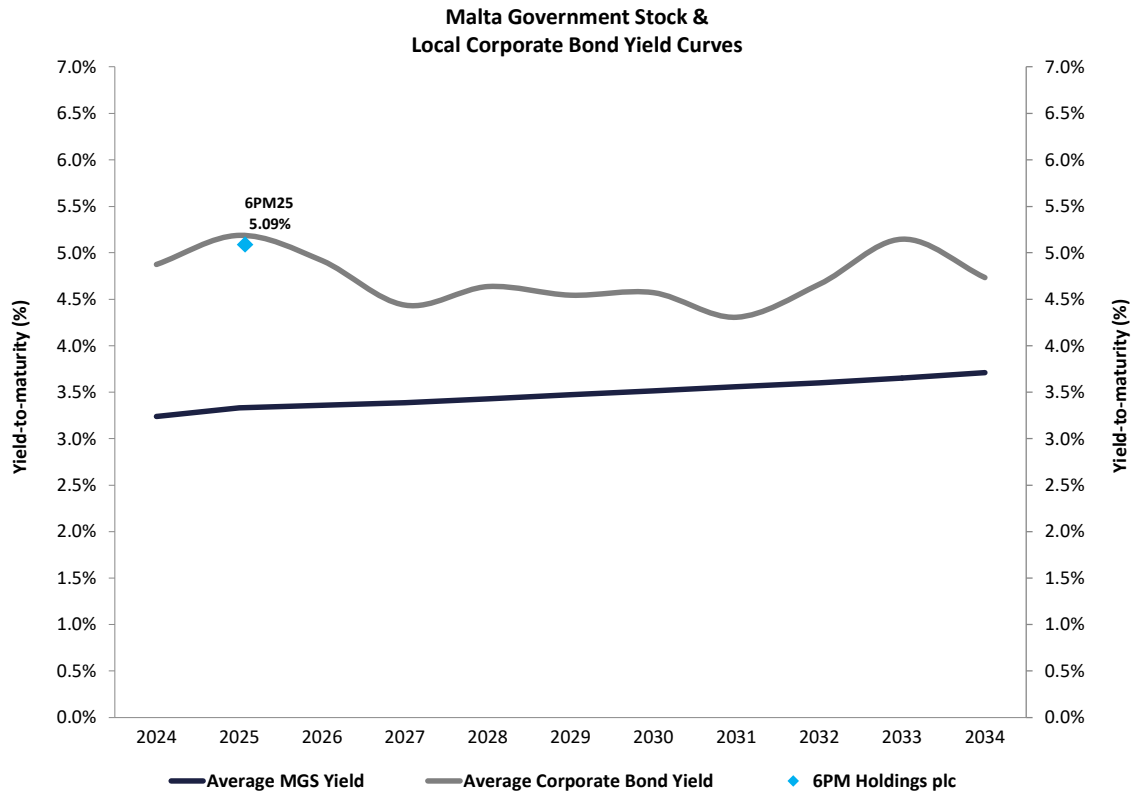
*As at 20 April 2023

Sources: Malta Stock Exchange

M.Z. Investment Services Limited

Most recent audited annual financial statements except for GPH Malta Finance plc (FY2022/23 - forecast) and The Ona plc (FY2022 - forecast)





To date, there are no corporate bonds which have a redemption date beyond 2034. The Malta Government Stock yield curve has also been included since it is widely considered as the benchmark risk-free rate for Malta.

The **5.1% 6PM Holdings plc unsecured bonds 2025** are trading at a yield-to-maturity (“YTM”) of 5.09% which is 10 basis points below the average YTM of 5.19% of other local, non-BRRD, corporate bonds maturing in the same year. The premium over the corresponding Malta Government Stock yield of equivalent maturity is 176 basis points.



PART 4 - EXPLANATORY DEFINITIONS

Income Statement	
<i>Revenue</i>	Total income generated from business activities.
<i>EBITDA</i>	Earnings before interest, taxes, depreciation, and amortisation. It is a metric used for gauging a company's operating performance, excluding the impact of its capital structure, and is usually interpreted as a loose proxy for operating cash flow generation.
<i>Operating profit</i>	Profit from core operations excluding interest and tax.
<i>Profit after tax</i>	Net profit generated from all business activities.
Profitability Ratios	
<i>EBITDA margin</i>	EBITDA as a percentage of revenue.
<i>Operating profit margin</i>	Operating profit as a percentage of total revenue.
<i>Net profit margin</i>	Profit after tax as a percentage of total revenue.
<i>Return on equity</i>	Measures the rate of return on the company's net assets and is computed by dividing the net profit by average equity.
<i>Return on assets</i>	Measures the rate of return on the company's assets and is computed by dividing the net profit by average assets.
<i>Return on invested capital</i>	Measures the rate of return from core operations and is computed by dividing operating profit by the average amount of equity and net debt.
Cash Flow Statement	
<i>Net cash flow from / (used in) operating activities</i>	The amount of cash generated (or consumed) from the normal conduct of business.
<i>Cash flow from / (used in) investing activities</i>	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
<i>Cash flow from / (used in) financing activities</i>	The amount of cash generated (or consumed) that have an impact on the company's capital structure and thus result in changes to share capital and borrowings.



Balance Sheet	
<i>Non-current assets</i>	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that a company amortises the cost of the asset 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 acquired.
<i>Current assets</i>	All assets which could be realisable within a twelve-month period from the balance sheet date. Such amounts may include development stock, accounts receivable, cash and bank balances.
<i>Non-current liabilities</i>	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
<i>Current liabilities</i>	Liabilities which fall due within the next twelve months from the balance sheet date, and typically include accounts payable and short-term debt.
<i>Total equity</i>	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.
Financial Strength/Credit Ratios	
<i>Interest cover</i>	Measures the extent of how many times a company can pay its net finance costs from EBITDA.
<i>Net debt-to-EBITDA</i>	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from its EBITDA generation capabilities, assuming that net debt and EBITDA are held constant.
<i>Net debt-to-equity</i>	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
<i>Net gearing</i>	Shows the proportion of equity and net debt used to finance a company's business and is calculated by dividing a company's net debt by net debt plus equity.
<i>Debt-to-asset</i>	Shows the degree to which a company's assets are funded by debt and is calculated by dividing all interest-bearing liabilities by total assets.
<i>Leverage</i>	Shows how much equity a company is using to finance its assets.
<i>Current ratio</i>	Measures whether or not a company has enough resources to pay its short-term liabilities from its short-term assets.

