

The information contained within this announcement (the "Announcement") is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this Announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

Beeks Financial Cloud Group plc

("Beeks" or the "Company")

Interim Results

8 March 2021 – Beeks Financial Cloud Group plc (AIM: BKS), a cloud computing and connectivity provider for financial markets, is pleased to announce its unaudited results for the six months ended 31 December 2020.

Financial Highlights

- Revenues increased by 24% to £5.29m (H1 2020: £4.28m), of which 91% recurring
- Annualised Committed Monthly Recurring Revenue (ACMRR) up 18% to £12.00m (H1 2020: £10.20m)
- Underlying gross profit up 18% to £2.59m (H1 2020: £2.19m)
- Underlying EBITDA* increased by 11% to £1.72m (H1 2020: £1.55m)
- Underlying profit before tax** down 8% to £0.55m (H1 2020: £0.60m) following increased investment into the business
- Underlying basic EPS** 0.94 pence (H1 2020: 1.01 pence)
- Period end net debt of £2.05m (H1 2020: Net cash £0.72m) comfortable at 0.6 times annualised EBITDA***
- Proposed interim dividend of 0.20p (H1 2020: 0.20p)

Operational Highlights

- Increased investment into people, operations and product offering in the period, to capitalise on the growing financial service private cloud opportunity
- Continued progress on Land & Expand strategy, with nine Tier 1 customers at various states of deployment (H1 2020: five)
- Some continued Covid-19 accessibility restrictions to datacentres, resulting in some delays to customer deployments
- Launch of Beeks Analytics, a cloud-based SaaS analytics offering following the acquisition of Velocimetrics, the UK-based monitoring and trade analytics software company, in April 2020
- Continued progress with the Network Automation Project, as part of the Beeks Private Cloud, progressing well and due to be launched later in 2021.

Post Period end and Outlook

- As separately announced today, expansion of two Tier 1 customers, a global financial markets technology provider now committed to \$2.1m annualized revenue, with a significant proportion of this expected to be delivered by the end of Beeks Financial Year. The other, an open banking provider, has expanded its contract to 135% of original commitment
- ACMRR as at 28 February 2021 increased to £12.8m
- Solid sales pipeline, including further Tier 1 opportunities
- Continuing to see an increase in the number of financial services organisations take advantage of the benefits of cloud infrastructure
- Increase in new business sales in recent months, trading for the current financial year is positive and remains in line with the range of market expectations

- Revenue and margins expected to benefit in H2 FY2021 and beyond from growth in both existing and new customers

Statutory Equivalents

The above highlights are based on underlying results. Reconciliations between underlying and statutory results are contained within the financial information. The statutory equivalents of the above results are as follows:

- Profit before tax of £0.50m (H1 2020: £0.39m)
- Basic earnings per share of 0.85p (H1 2020: 0.62p)

** Underlying EBITDA is defined as earnings before share based payment charges, amortisation, depreciation, finance costs and exceptional costs*

*** Underlying profit before tax and underlying EPS excludes share based payment charges, amortisation on acquired intangibles and exceptional costs*

****Annualised EBITDA is the last 12 months of EBITDA for the period ended 31 December 2020*

Gordon McArthur, CEO of Beeks Financial Cloud commented:

“Current trading is positive and we have entered the second half of the year with a solid pipeline of opportunities, supported by a significantly expanded business, increased customer base, broadened product offering and continued growth of our existing Tier 1 accounts. We have seen increased demand for our offering during the second half of the year to date, giving us confidence in our ability to service a wide range of financial services organisations across different geographies. Whilst we continue to assess the ongoing impact of Covid-19 on our business and operations, we are confident that Beeks is poised for considerable growth within a rapidly developing market.”

For further information please contact:

Beeks Financial Cloud Group plc

Gordon McArthur, CEO
Fraser McDonald, CFO

via Alma PR

Canaccord Genuity

Adam James / Angelos Vlatakis

+44(0)20 7523 8000

Alma PR

Caroline Forde / Helena Bogle / Josh Royston

+44(0)20 3405 0212

The Directors of the Company are responsible for the contents of this announcement.

ABOUT BEEKS FINANCIAL CLOUD

Beeks Financial Cloud is a leading cloud computing, connectivity and analytics provider for financial services. Our cloud-based Infrastructure-as-a-Service (IaaS) model allows financial organisations the flexibility and agility to deploy and connect to a variety of exchanges, trading venues and cloud service providers at a fraction of the cost of building their own networks and infrastructure. Based in the UK with an international network of 19 datacentres, Beeks supports its global customers at scale in the leading financial centres.

For more information, visit: www.beeksfinancialcloud.com

Chief Executive Officer's Review

Our vision is simple: Build. Connect. Analyse. Providing end to end outsourcing of financial services compute environments.

I am pleased to report on a solid period of trading, in which the Group delivered growth in revenue, underlying EBITDA and Annualised Committed Monthly Revenues (ACMRR). Importantly, we have increased our number of tier one customers in the period to nine, at various stages of deployment. While these will take time to grow to full levels of deployment and revenue contribution, they provide considerable future expansion opportunity for the Group and a pathway to accelerated growth. We are continuing to see an increase in the number of financial services organisations taking advantage of the benefits of cloud infrastructure, which provides a significant long-term opportunity for Beeks.

Whilst the impact of Covid-19 and the subsequent lockdowns continued to cause some delay to customer implementations, due to restricted access to datacentres, and therefore the acceleration of growth in the period, we are pleased with the number of contract discussions that took place. We anticipate deployment timescales to improve as Covid-19 restrictions ease.

The significant investments made during the period across our platforms, teams, offering and operations, will ensure we have the appropriate resources and capacity to take advantage of this rapid acceleration of Cloud deployment and the growing need for analytics around those infrastructure environments.

Following the acquisition of Velocimetrics last year, we have enhanced the value of our offering to the Tier 1 segment of the financial services market through the launch of a SaaS-based analytics product. Beeks Analytics as a Service is the first cloud-neutral network monitoring and trade analytics tool for the financial markets. We have seen good levels of interest for this offering since its launch in November, especially in the FX market where customers need to manage connectivity to large numbers of different sources of liquidity, with a number of customers in early adoption phases. We believe this will provide a steadily growing additional recurring revenue stream in future periods.

The Board is pleased to propose an interim cash dividend to shareholders of 0.20p per share (H1 20: 0.20p per share) as a result of the recurring revenue nature of the Group, the level of operating cash which we now deliver and the relatively low level of indebtedness within the Group. Should the impact of Covid-19 increase in the year ahead, the Board will keep the level of future dividend payments under review. However, it should be noted the Group has not, to date, utilised any of the government furlough schemes and therefore believes that there is no impediment in this respect to paying a dividend to shareholders.

Towards the end of the period, we announced the appointment of Kevin Covington to the Board as an independent Non-Executive Director. Kevin brings with him more than 30 years' experience working internationally in the financial services industry and we look forward to his contribution as we strive to meet our growth objectives.

Post-period end we announced the expansion of two Tier 1 customer deployments, signalling strong progress against our land and expand strategy. The Group now has nine Tier 1 customers at various stages of contractual relationship providing a growing recurring revenue base for future years and expansion opportunity. The successes demonstrate Beeks' ability to meet the growing demand for secure private cloud infrastructure for financial services organisations.

As we move into the second half of the year, our focus will be on growing our institutional customer base and securing further Tier 1 clients. Whilst Covid-19 continues to present some challenges, the Group's 91% recurring revenues, and resilient business model has ensured we are able to continue operating and supporting our customers, whilst targeting new geographies and asset classes.

Financial performance

Revenue in the period grew by 24% to 5.29m (H1 20: £4.28m), resulting in an increase in underlying EBITDA of 11% to £1.72m (H1 20: £1.55m). Beeks has over 91% recurring revenue and customer retention remained within target. Our ACMRR grew 18% to £12.0m at 31 December 2020, increasing from £10.2m at 31 December 2019. This figure further increased to £12.8m as at 28 Feb following Global financial markets contract extension.

In line with our expectations, operating profit margin decreased in the period, reflecting the significant investment in both the Velocimetrics business, Private Cloud and the hiring of a Head of Sales in New York alongside additional sales, marketing and customer delivery teams. Operating margin is expected to increase in the second half of the year as we recognise revenue from new Tier 1 contract deployments.

Strategy

Our strategy is to design and deliver a range of secure cloud solutions, both public and private, which are easy to consume for small, medium and large financial enterprises.

Our main strategic priority is to grow our institutional customer base both for public, private and secure Cloud deployment as well as our core low latency offering, complemented by our analytics solutions. In order to satisfy existing demand, and attract new customers, we will continue expanding into new asset classes and geographies, furthering our offering, encouraged by the significant opportunities we have identified. We remain alive to selectively increasing investment in data centre capacity and product offering to facilitate both our current and anticipated pipeline of business opportunities.

While our focus is on organic growth, we will continue to assess further strategic acquisition opportunities, both 'bolt-on' and/or more transformational in nature, that will accelerate growth and complement our business model.

Competitive positioning

We have an established customer base and a strong competitive advantage through the breadth of our connectivity to trading venues, the sophistication of our self-service web portal, and the breadth of our services. We now have a foot-hold in all asset classes of note, meaning we can enter into contract discussions with any financial institution within the trading ecosystem. We believe we are now one of only a few businesses with this breadth globally in delivering these services via the cloud. We will continue to develop our cloud services in the second half of the year, to capitalise on our strength in this area of the market. We are confident in our ability to remain at the forefront of this evolving market and grow our market share.

Operational Expansion

This was a significant period of investment across the entire Group, in which we looked to expand our offering and our team in order to strengthen our position in the rapidly growing cloud computing market.

Headcount increased to 71 in the period, up from 65 as at 30 June 2020 primarily in revenue generating areas such as sales and marketing and product development to support our growth objectives. This included a new Head of Sales in New York who will be responsible for targeting Tier 1 customers.

Considerable progress has been made with the seven datacentres that were launched during the prior period: Singapore SG1, London LD8 and LD4.2, Paris PA1, Sydney, and NY2 and NY5 in New York. All locations are revenue generating and are now operating cost neutral, in line with target.

In November we launched a service collaboration with Singapore Exchange (SGX), Asia's international, multi-asset exchange, operating securities, fixed income and derivatives markets. This new Co-location as a Service (CaaS) collaboration provides an on-demand virtual or bare metal dedicated infrastructure from the Beeks setup within SGX Co-Location Tier-1 rack space, and can be activated within 24 hours, reducing new trading participant time to market. This collaboration also allows Beeks to provide direct

connectivity from Equinix SG1 into SGX for the first time, connecting customers between both locations within the Beeks infrastructure via private dark fibre.

We were pleased to announce the launch of Beeks Analytics as a Service during the period, the first product that offers all organisations sophisticated analytics that is available natively in the cloud, regardless of who hosts their infrastructure. This follows the acquisition of UK-based network monitoring and trade analytics software company Velocimetrics in April last year, its rebrand as Beeks Analytics and the full integration of its team. Using the Velocimetrics technology, Beeks Analytics as a Service provides financial market organisations with the ability to consume powerful network monitoring and wire-based trade analytics as a cloud hosted offering. This SaaS-based version of the Velocimetrics products will expand the total addressable market for these offerings, making them more attractive to the existing Beeks' customer base.

Our Commercial Network Services (CNS) business continues to perform in line with expectations. The acquisitions of CNS and Velocimetrics have added both scale and cost-synergies to Beeks' core offering and we will continue to assess strategic acquisitions that are profitable and will add additional complementary resources.

The Network Automation project, which aims to facilitate growth and enable product expansion by making a wider variety of Beeks products available via a self-service portal, is progressing well. The biggest commercial opportunities lie within the Private Cloud product offering and the cornerstone of our Private Cloud offering is to automate the network. This changing focus to build our Private Cloud offering has accelerated the Network Automation project and we expect to launch a Private Cloud product on an automated platform this calendar year.

The private portal offered to Beeks customers will be updated to enable customers to more easily consume Beeks services with a point and click capability. Particular focus will be given to improving the user interface for a better end-user experience as well as increase cross-sell opportunities.

Our partnership with IPC, a leading global provider of secure, compliant communications and highly secure cloud solutions for the global financial markets, continues to strengthen with the launch of an enhanced managed infrastructure offering. By expanding our strategic partnership, IPC continues to leverage a successful, proven model, with Beeks now becoming the foundational managed hosting infrastructure service provider for IPC's Connexus Infrastructure Services, powered by Beeks. This enhanced joint offering brings into the market an array of easy to deploy Beeks solutions.

Post-period end, we were pleased to announce the continued expansion of two of our first Tier 1 customer deployments. We have completed the successful full deployment of the first stage of an annualised \$1m global private Cloud solution for a global financial markets technology provider. While having experienced some delays due to Covid-related restrictions, the contract reached 90% of its original committed revenue run-rate by February 2021. Following this successful first stage, the customer has committed to extending the private cloud solution to further geographies, with the contract expected to reach over \$2m of annualised revenue during the Company's financial year ending 30 June 2022, once fully deployed, with further expansion anticipated thereafter. Additionally, one of the Group's other initial Tier 1 customers, an open banking provider, has also expanded its contract, initially worth £1.1 million over three years, to 135% of the original commitment, again with further expansion opportunities ahead.

Customers

Institutional revenue, which continues to be our focus, represents 89% of total revenue, and we expect to see this figure increase in the second half of the year as we recognise a greater proportion of the revenue from further Tier 1 customer engagements, and continue to add to our institutional client base.

We continue to see considerable expansion of the types of customer we support, with Beeks now catering for banks, brokers, hedge funds, crypto traders and exchanges, insurance organisations, financial markets technology providers and payments providers.

New Tier 1 customers

The interest we are seeing from Tier 1 clients is encouraging. We have nine Tier 1 customers at various stages of deployment, clearly demonstrating our land and expand capabilities. We are also seeing increasing cross sales opportunities from our Velocimetrics clients.

Future Growth and Outlook

Current trading is positive and we have entered the second half of the year with a solid pipeline of opportunities, supported by a significantly expanded business, increased customer base, broadened product offering and continued growth of our existing Tier 1 accounts. We have seen increased demand for our offering during the first quarter of the second half of the year, giving us confidence in our ability to service a wide range of financial services organisations across different geographies. Whilst we continue to assess the ongoing impact of Covid-19 on our business and operations, we are confident that Beeks is poised for considerable growth within a rapidly developing market. With the increase in new business sales in recent months, current trading is positive and remains in line with the range of market expectations.

Gordon McArthur
CEO
8 March 2021

Chief Financial Officer's Review

Financial Review

We are pleased to report on a resilient set of financial results for the first half of the year where we have made considerable investment but also grown the top line during a period of uncertainty, demonstrating the robustness of our business model.

Group revenues grew by 24% to £5.29m (H1 2020: £4.28m), with the recently acquired Velocimetrics business contributing approximately 9% of the Group's total revenue in the period. Over 90% of revenues were recurring in the period. The revenue growth is particularly pleasing given we have faced some delays in customer implementations during the ongoing pandemic which has had an impact on delivery and subsequent revenue recognition. We have also seen some attrition in our smaller value contract sizes (including retail sales) due to the volatility in the markets with some of our smaller customers exiting the market. Overall, we have still made considerable revenue growth during the period.

Underlying gross profit in the period, which is calculated by deducting amortisation on acquired assets increased 18% to £2.59m (H1 2020: £2.19m) with gross margin slightly down at 49% (H1 2020 51%).

In line with our 12 month target, the seven new data centres opened during FY20 were all operating cost breakeven (revenue less cost of sales, excluding depreciation) at end of December. Gross margin has also been impacted by the delay in Tier 1 deployments given the access to datacentres. As with prior years, we expect gross margins to increase in the second half of the year, with revenue growth utilising existing capacity without the need for significant additional operating expenditure increase.

Earnings before interest, tax, depreciation, amortisation, exceptional costs and excluding grant income ("Underlying EBITDA") increased by 11% to £1.72m (H1 2020: £1.55m) with underlying EBITDA margins at 33% (H1 2020: 36%).

Underlying EBITDA, underlying profit before tax and underlying earnings per share are alternative performance measures, considered by the Board to be a better reflection of true business performance than statutory measures only.

Profit before Tax

	Period ended 31 Dec 2020 £000	Period ended 31 Dec 2019 £000
Profit before tax for the period	500	389
Deduct:		
Grant Income	(155)	(13)
Gain on revaluation of contingent consideration	(604)	-
Add back:		
Acquisition costs/post acquisition integration costs	126	31
Non-recurring costs	64	14
Amortisation of acquired intangibles	385	77
Share based payments	229	100
Underlying profit for the period	545	598

Reported profit before tax increased to £0.50m (H1 2020: £0.39m) with underlying profit before tax decreasing to £0.55m (H1 2020: £0.60m).

Cost of sales (excluding amortisation on acquired assets) has increased by 29% to £2.70m (H1 2020: £2.09m), largely due to the further investment across our data centres across our global sites to further support geographical expansion with seven new data centres opened during the prior period.

There has been an increase in Administrative expenses when compared to the prior year (excluding share based payments, acquisition and non-recurring costs) of 32% to £1.86m (H1 2020: £1.41m) largely driven by an increase in staff costs of 44% (net of capitalisation) to £0.38m in the period. During

the last year we have significantly increased our headcount from 40 to 71 (65 as at 30 June 20). The acquisition of Velocimetrics brought an additional 12 staff members. Since the acquisition we have made some synergies across senior management as planned and increased the development team. Other noticeable changes to staff headcount have been in recruiting a Head of Sales in the US as well as software development roles to help deliver our new product offerings.

We identified 2021 as the Year of Product and have made significant investment across the four key products, FX SaaS, V10 of Velocimetrics, Private Cloud as well as the continued work on the automation of our network. As such, capitalised development costs in the period were £0.87m bringing the cost to date of £1.90m (2020: £1.03m). Most of this cost is internally generated as we use our in-house teams to develop the bespoke technology we require.

The adjusting items above include a net gain on the revaluation of contingent consideration of £0.60m (H2 20: nil). This final earn-out is based entirely on the performance during the year ending 30 June 2021 and a modest delay in new business wins or delivery in the next six month period could result in a substantial change in the amount due under the earn-out terms ranging from the maximum amount provided as at 30 June 20 of £2.00m to nil. The directors do not believe this gives rise to any indication of impairment.

Taxation

The effective tax rate ('ETR') for the period is 12%, (H1 2020: 19%). The ETR is lower than expected due to the impact of R&D tax credits and the non-taxable revaluation credit relating to deferred consideration as well as other non-deductible items.

Earnings per Share and Dividends

Reflecting our strategic investments in the business to support future growth, underlying earnings per share has decreased to 0.94 pence (H1 2020: 1.01 pence). Underlying diluted earnings per share has decreased to 0.89 pence (H1 2020: 0.98 pence). The calculation of both underlying basic and diluted earnings per share is included in note 6.

Maintaining our dividend policy, we will pay an interim dividend of 0.20 pence per share (H1 20: 0.20 pence) on 01 April 2021 to shareholders on the register on 19 March 2021, with an ex-dividend date of 18 March 2021. This dividend represents a pay-out ratio of 22% of the underlying diluted earnings per share for the interim period.

Balance Sheet and Cash Flows

The Group generated cash from operations in the period of £1.48m (H1 20: £1.47m) with an EBITDA conversion to cash ratio in the period of 86% (H1 20: 95%). Expenditure on investing activities was again significant as we invested £1.18m (H1 20: £1.21m) in property, plant and equipment across Private Cloud, Analytics (formally Velocimetrics) and to fund future Tier 1 deployments. We described 2021 as our Year of Product and, as such have seen an increase in capitalised development costs of £0.87m (H1 20: £0.21m) as our increased in-house development teams build out on our network automation strategy and product offerings in Private Cloud and Analytics. During the period we also paid out both the deferred and contingent consideration payment for Velocimetrics relating to both the first year earn-out, warranty settlement and cash for cash settlement following as the acquisition was done on a cash-free, debt-free basis. As part of this there was a small admission of new shares of £0.37m in order to satisfy the consideration.

The Group moved its loan facilities from RBS to Barclays, securing better terms and getting access to a revolving line of credit facility up to an additional £2.3m. We drew down £1m of this facility prior to the end of the year in order to support both the investment in Beeks Analytics, Private Cloud and further Tier 1 expansion. Net debt remains at comfortable levels at 0.6 times annualised underlying EBITDA.

At 31 December 2020 net assets were £7.6m compared to net assets of £5.9m at 31 December 2020 and net assets of £6.7m at 30 June 2020.

Key performance indicator review

	H1 2021	H1 2020	Growth
Revenue	£5.29m	£4.28m	24%
ACMRR	£12.00	£10.20m	18%
Underlying Gross profit	£2.59m	£2.19m	18%
Underlying Gross margin	49.0%	51.1%	
Underlying EBITDA	£1.72m	£1.55m	11%
Underlying EBITDA margin	32.6%	36.2%	
Underlying profit before tax	£0.55m	£0.60m	(8%)
Underlying basic EPS	0.94p	1.01p	(7%)
Dividend per share	0.20p	0.20p	

Fraser McDonald
CFO
8 March 2021

Beeks Financial Cloud Group PLC
Consolidated statement of comprehensive income
For the period ended 31 December 2020

	Note	6 months to December 2020 (unaudited)	6 months to December 2019 (unaudited)	Year to June 2020 (audited)
		£'000	£'000	£'000
Revenue	3	5,288	4,289	9,360
Other Income		155	-	59
Cost of sales		(3,084)	(2,168)	(4,845)
Gross profit		2,359	2,121	4,574
Administrative expenses		(2,281)	(1,559)	(3,619)
Operating profit	4	78	562	955
Presented as:				
Earnings before depreciation, amortisation, acquisition costs, share based payments and non-recurring costs		1,878	1,562	3,394
Share based payments	4	(229)	(100)	(312)
Non-recurring acquisition integration costs		(126)	(31)	(205)
Other non-recurring costs		(64)	(14)	(61)
Depreciation	4	(885)	(711)	(1,474)
Amortisation – acquired intangible assets		(395)	(77)	(237)
Amortisation – other intangible assets		(101)	(67)	(150)
Operating profit		78	562	955
Gain on revaluation of contingent consideration	9	604	-	-
Finance income		1	2	2
Finance costs		(183)	(175)	(279)
Profit before taxation for the period		500	389	678
Taxation	5	(62)	(74)	(103)
Profit after taxation for the period		438	315	575
Other comprehensive income				
Items that may be reclassified to Statement of Comprehensive income				
Exchange (losses) /gains on retranslation of foreign operations		(131)	(59)	43
Total comprehensive income for the period		307	256	618
		Pence	Pence	Pence
Basic earnings per share	6	0.85	0.62	1.13
Diluted earnings per share	6	0.85	0.62	1.13

Beeks Financial Cloud Group PLC
Consolidated statement of financial position
For the period ended 31 December 2020

		December 2020 (unaudited)	December 2019 (unaudited)	June 2020 (audited)
		£'000	£'000	£'000
Assets				
Non-current assets				
Property, plant and equipment	8	4,956	3,299	4,398
Right-of-use asset	8	2,111	2,632	2,357
Intangibles	7	6,747	2,271	6,741
Deferred tax		380	158	380
Total non-current assets		<u>14,194</u>	<u>8,360</u>	<u>13,876</u>
Current assets				
Cash and cash equivalents		750	1,289	1,433
Trade and other receivables		1,508	1,759	1,525
Total current assets		<u>2,258</u>	<u>3,048</u>	<u>2,958</u>
Total assets		<u>16,452</u>	<u>11,408</u>	<u>16,834</u>
Liabilities				
Non-current liabilities				
Borrowings and other financial liabilities		1,200	509	1,461
Right-of-use liabilities		1,846	2,297	1,991
Contingent consideration	9	-	-	1,957
Deferred tax		590	41	531
Total non-current liabilities		<u>3,636</u>	<u>2,847</u>	<u>5,940</u>
Current liabilities				
Trade and other payables		3,459	2,109	2,594
Lease liabilities		0	137	24
Right-of-use liabilities		451	403	520
Contingent consideration due on acquisitions		1,356	-	1,040
Total current liabilities		<u>5,266</u>	<u>2,649</u>	<u>4,178</u>
Total liabilities		<u>8,902</u>	<u>5,496</u>	<u>10,118</u>
Net assets		<u>7,550</u>	<u>5,912</u>	<u>6,716</u>
Equity				
Issued share capital		65	64	64
Reserves		5,652	4,572	5,218
Retained earnings		1,833	1,276	1,434
Total equity		<u>7,550</u>	<u>5,912</u>	<u>6,716</u>

Beeks Financial Cloud Group PLC
Consolidated statement of changes in equity
For the period ended 31 December 2020

	Issued capital	Foreign currency retranslation reserve	Merger relief reserve	Other reserve	Share premium	Share based payment reserve	Retained profits	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2019	64	102	372	(315)	4,309	63	1,037	5,632
Profit after taxation for the period	-	-	-	-	-	-	315	315
Total comprehensive income for the period	-	-	-	-	-	-	315	315
Exchange loss on retranslation of foreign operations	-	(59)	-	-	-	-	-	(59)
Share based payments	-	-	-	-	-	100	-	100
Dividends paid	-	-	-	-	-	-	(76)	(76)
Balance at 31 December 2019	64	43	372	(315)	4,309	163	1,276	5,912
Balance at 31 December 2019 (unaudited)	64	43	372	(315)	4,309	163	1,276	5,912
Profit after taxation expense for the period	-	-	-	-	-	-	260	260
Exchange gain/(loss) on retranslation of foreign operation	-	102	-	-	-	-	-	102
Share based payments	-	-	-	-	-	211	-	211
Issue of share capital	-	-	333	-	-	-	-	333
Deferred tax movement on shares	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(102)	(102)
Balance at 30 June 2020	64	145	705	(315)	4,309	374	1,434	6,716
Balance at 1 July 2020	64	145	705	(315)	4,309	374	1,434	6,716
Profit after taxation for the period	-	-	-	-	-	-	438	438
Total comprehensive income for the period	-	-	-	-	-	-	438	438
Exchange loss on retranslation of foreign operations	-	(131)	-	-	-	-	-	(131)
Share based payments	-	-	-	-	-	229	-	229
Exercise of share options	-	-	-	-	-	(37)	37	-
Issue of share capital	1	-	-	-	373	-	-	374
Dividends paid	-	-	-	-	-	-	(76)	(76)
Balance at 31 December 2020	65	14	705	(315)	4,682	566	1,833	7,550

Beeks Financial Cloud Group PLC
Consolidated statement of cash flows
For the period ended 31 December 2020

	6 months to		Year to
	December 2020 (unaudited)	December 2019 (unaudited)	June 2020 (audited)
	£'000	£'000	£'000
Cash flows from operating activities			
Profit before taxation for the period	500	389	678
Adjustments for:			
Depreciation and amortisation	4 1,381	855	1,861
Share based payments	229	100	312
Grant income received	(155)	-	(59)
Foreign Exchange	(3)	-	17
Gain on revaluation of contingent consideration	(604)	-	-
Interest and other finance costs	134	136	190
Operating cash flows before movements in working capital	1,482	1,480	2,999
Decrease / (Increase) in trade and other receivables	17	(655)	(419)
(Decrease) / increase in trade and other payables	(11)	435	678
Cash generated from operating activities	1,488	1,261	3,258
Taxation paid	(12)	(13)	(23)
Net cash from operating activities	1,476	1,248	3,235
Cash flows from investing activities			
Purchase of property, plant and equipment	(1,177)	(1,211)	(2,819)
Capitalisation of development costs	(868)	(209)	(720)
Proceeds from grant income	366	-	174
Acquisition of business	-	-	(750)
Contingent and deferred consideration paid	(1,015)	-	-
Net cash used in investing activities	(2,694)	(1,420)	(4,115)
Cash flows from financing activities			
Drawdown of bank loans	2,800	-	1,485
Repayment of bank loans	(2,186)	(164)	(324)
Finance lease repayments	(25)	(189)	(301)
Right-of-use lease repayments	(215)	(276)	(517)
Interest and other finance costs	(134)	(172)	(190)
Dividends paid	(76)	(76)	(178)
Proceeds from the issue of new share capital	371	-	-
Net cash (used in)/from financing activities	535	(877)	(25)
Net (decrease) in cash and cash equivalents	(683)	(1,049)	(905)
Cash and cash equivalents at the beginning of the financial period	1,433	2,338	2,338
Cash and cash equivalents at the end of the financial period	750	1,289	1,433

Beeks Financial Cloud Group PLC
Notes to the financial statements
For the period ended 31 December 2020

Note 1. General information

The financial information covers the consolidated entity, Beeks Financial Cloud Group PLC and the entities it controlled at the end of, or during, the interim period to 31 December 2020.

The company is a public limited company which is quoted on the Alternative Investment Market and is incorporated and domiciled in United Kingdom. Its registered office and principal place of business are:

Registered office

Lumina Building
40 Ainslie Road
Hillington
Glasgow
G52 4RU

Note 2. Basis of preparation

The financial information for the period ended 31 December 2020 set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 and is unaudited. The figures for the year ended 30 June 2020 have been extracted from the Group financial statements for that year. Those have been filed with the Registrar of Companies. The auditor's report on those financial statements was unmodified and did not contain statements under Section 498(2) or Section 498(3) of the Companies Act 2006.

The interim financial information has been prepared using the same accounting policies and estimation techniques as will be adopted in the Group financial statements for the year ending 30 June 2021. The group financial statements for the year ended 30 June 2020 were prepared under international accounting standards in conformity with the requirements of Companies Act 2006. These interim financial statements have been prepared on a consistent basis and format with the Group financial statements for the year ended 30 June 2020, and have not been audited or reviewed by the auditors.

The provisions of IAS 34 'Interim Financial Reporting' have not been applied in full.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Statement.

Beeks' business model continues to stand it in good stead and despite the global slowdown in corporate activity driven by Covid-19, continues to perform well. The Group's high levels of recurring revenue remains a considerable strength in these uncertain times, providing high levels of forecast visible revenue. The Group continues to exercise strong cash management measures and believe the diversity and limited concentration of our customer base, along with the critical web centric services we provide, will continue to shelter us from the worst of the expected economic pressures over the coming period.

During the interim period the Group moved its debt facilities from the Royal Bank of Scotland Plc to Barclays Plc. As well as re-financing its existing debt at more favourable terms the Group has taken an additional revolving credit facility of £2.3m. As at the 31 December the Group drew down £1m of this facility in order to fund current and future investment and still has an additional £1m which is available to be drawn on for general business purposes should that be required.

The directors are of the opinion that the Group can operate within their current debt facilities and comply with its banking covenants. At the end of the financial year, the Group had net debt of £2.05m (H1 2019: Net cash £0.32m) a level which the Board is comfortable with given the strong cash generation of the Group and low level of debt to EBITDA ratio. The Group has a diverse portfolio of customers with

relatively low customer concentration which are split across different geographic areas. As a consequence, the directors believe that the Group is well placed to manage its business risks.

After making enquiries, the directors have a reasonable expectation that the Group will be able to meet its financial obligations and has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial information.

Note 3. Operating Segments

Identification of reportable operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of operating segments, have been identified as the Executive Board.

During the period ended 31 December 2020, the Group was organised into two main business segments for revenue purposes. The group does not place reliance on any specific customer and has no individual customer that generates 7% or more of its total group revenue. Performance is assessed by a focus on the change in revenue across both institutional and retail revenue. Cost is reviewed at a cost category level but not split by segment. Assets are used across all segments and are therefore not split between segments so management review profitability at a group level.

	6 months to		Year to
	December 2020 (unaudited)	December 2019 (unaudited)	June 2020 (audited)
	£'000	£'000	£'000
Revenues by geographic location are as follows:			
United Kingdom	1,600	1,072	2,720
Europe	766	555	1,180
US	990	869	1,906
Rest of World	1,932	1,793	3,554
Total	5,288	4,289	9,360

	6 months to		Year to
	December 2020 (unaudited)	December 2019 (unaudited)	June 2020 (audited)
	£'000	£'000	£'000
Revenues by segment are as follows:			
Institutional Revenue	4,712	3,593	7,995
Retail Revenue	576	696	1,365
Total Revenue	5,288	4,289	9,360

Note 4. Operating profit

	6 months to		Year to
	December 2020 (unaudited)	December 2019 (unaudited)	June 2020 (audited)
	£'000	£'000	£'000
Operating profit is stated after charging:			
Depreciation	885	711	891
Amortisation of intangibles	496	144	387
Currency translation cost on settlement	(23)	1	17
Acquisition integration costs	126	31	205
Share based payments	229	100	312
Non-recurring costs	64	14	61

Note 5. Taxation

	6 months to		Year to
	December 2020 (unaudited)	December 2019 (unaudited)	June 2020 (audited)
	£'000	£'000	£'000
Current Tax			
Corporation tax on profits for the period	-	92	(16)
Foreign tax on overseas companies	3	11	25
Total current tax	3	103	9
Deferred tax			
Origination and reversal of temporary differences	59	(29)	94
Total Deferred tax	59	-	94
Total tax charge/(credit)	62	74	103

The effective tax rate for the six months to 31 December 2020, based on the taxation charge for the period as a percentage of the profit before tax is 12%, (H1 2020: (19%)). The ETR is lower than expected due to the impact of R&D tax credits and the non-taxable revaluation credit relating to deferred consideration as well as other non-deductible items.

Note 6. Earnings per share

As at 31 December 2020, the company had 51,703,322 shares.

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the total of the weighted average number of ordinary shares in issue during the year and adjusting for the dilutive potential ordinary shares relating to share options.

	6 months to		Year to
	December 2020 (unaudited)	December 2019 (unaudited)	June 2020 (audited)
	£'000	£'000	£'000
Profit after taxation attributable to the owners of Beeks Financial Cloud Group PLC	438	315	575
	Pence	Pence	Pence
Basic earnings per share	0.85	0.62	1.13
Diluted earnings per share	0.85	0.62	1.13
Weighted average number of ordinary shares used in calculated basic earnings per share	51,280,782	50,864,800	50,942,258
Adjustments for calculation of diluted earnings per share:	31,650	-	48,132
Options over ordinary shares			
Weighted average number of ordinary shares used in calculated diluted earnings per share	51,312,432	50,864,800	50,990,391

	6 months to		Year to
	December 2020 (unaudited)	December 2019 (unaudited)	June 2020 (audited)
	£'000	£'000	£'000
Underlying earnings per share			
Underlying Profit after taxation attributable to the owners of Beeks Financial Cloud Group PLC	480	513	1,285
	Pence	Pence	Pence
Underlying earnings per share - basic	0.94	1.01	2.52
Underlying earnings per share - diluted	0.89	0.98	2.45
Weighted average number of ordinary shares used in calculated basic earnings per share	51,280,782	50,864,800	50,942,258
Adjustments for calculation of diluted earnings per share:	31,650	-	48,132
Options over ordinary shares			
Weighted average number of ordinary shares used in calculated diluted earnings per share	51,312,432	50,864,800	50,990,391

Included in the weighted average number of shares for the calculation of underlying diluted EPS are share options outstanding but not exercisable. It is management's intention that the Company will meet the challenging growth targets, therefore, the share options have been included in the underlying diluted EPS.

Note 7. Intangible Assets

	Acquired Customer lists £000	Development Costs £000	Trade name	Goodwill £000	Total £000
Cost					
As at 1 July 2019	1,383	821	-	519	2,723
Acquisition of trading assets	-	-	-	-	-
Additions	-	209	-	-	209
Currency translation differences	-	-	-	-	-
As at 31 Dec 2019	1,383	1,030	-	519	2,932
Acquisition of subsidiary	1,097	1,253	137	1,846	4,333
Additions	-	511	-	-	511
Grant funding received	-	(221)	-	-	(221)
Currency translation differences	53	-	-	-	53
As at 30 June 2020	2,533	2,573	137	2,365	7,608
Additions	-	807	-	28	835
Grant funding received	-	(213)	-	-	(213)
Currency translation differences	(136)	-	-	(51)	(187)
As at 31 Dec 2020	2,397	3,167	137	2,342	8,043
Accumulated Amortisation					
Balance at 1 July 2019	(402)	(101)	-	9	(494)
Charge for the year	(77)	(67)	-	-	(144)
Foreign exchange movements	-	-	-	(23)	(23)
As at 31 Dec 2019	(479)	(168)	-	(14)	(661)
Charge for the year	(73)	(163)	(7)	-	(243)
Foreign exchange movements	-	-	-	37	37
As at 30 June 2020	(552)	(331)	(7)	23	(867)
Charge for the year	(120)	(362)	(14)	-	(496)
Foreign exchange movements	65	-	-	3	68
As at 31 Dec 2020	(607)	(693)	(21)	26	(1,295)
N.B.V. 31 Dec 2020	1,790	2,473	116	2,368	6,747
N.B.V. 30 June 2020	1,981	2,242	130	2,388	6,741
N.B.V. 31 Dec 2019	904	862	-	505	2,271

Note 8. Non-current assets - Property, plant and equipment

	Computer equipment £000	Office equipment £000	Leasehold Property and improvement £000	Total £000
Cost				
As at 1 July 2019	4,839	23	-	4,862
Additions	1,176	35	2,993	4,204
Disposals	-	-	-	-
As at 31 December 19	6,015	58	2,993	9,066
Acquisition of subsidiaries	6	-	-	6
Additions	1,608	-	-	1,608
Disposals	(39)	-	-	(39)
As at 30 June 2020	7,590	58	2,993	10,641
Additions	1,240	5	-	1,245
Foreign exchange movement	(5)	-	-	(5)
Grant funding received	(36)	-	-	(36)

As at 31 December 2020	8,789	63	2,993	11,845
Depreciation				
As at 1 July 2019	(2,411)	(11)	-	(2,422)
Charge for the year	(395)	(5)	(311)	(711)
Disposals	-	-	-	-
As at 31 December 2019	(2,806)	(16)	(311)	(3,133)
Charge for the year	(478)	(7)	(278)	(763)
Eliminated on Disposal	10	-	-	10
As at 30 June 2020	(3,274)	(23)	(589)	(3,886)
Charge for the year	(626)	(11)	(257)	(894)
Foreign exchange movement	2	-	-	2
As at 31 December 2020	(3,898)	(34)	(846)	(4,778)
N.B.V. 31 December 2020	4,891	29	2,147	7,067
N.B.V. 30 June 2020	4,316	35	2,404	6,755
N.B.V. 31 December 2019	3,209	42	2,682	5,933

Note 9. Contingent consideration due on acquisitions

	31 Dec-20 £'000	31 Dec 19 £'000	30 Jun 20 £'000
Contingent consideration due on the acquisition of VMX Ltd	1,356	-	3,000

Subsequent to the period end, the deferred and contingent consideration in relation to the first year earn out was settled in full at a total of £1.02m against a provision at 30th June 2020 of £1.04m

In the current period, the fair value of the final contingent consideration has been reassessed. Noting that a modest delay in new business wins or delivery in the next six month period could result in a substantial change in the amount due under the earn out terms. The directors believe that the probability of achieving the maximum earn out target for the full financial year end to 30th June 2021 is not as likely and have reduced the provision to represent the consideration paid based on a lower earn out target being achieved. The final consideration has therefore been reduced from £1.96m to £1.36m with the difference £0.60m credited to the profit and loss in the period.

A further adjustment may be required at the end of the financial year ending 30 June 2021.

Note 10. Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 11. Availability of announcement and Half Yearly Financial Report

Copies of this announcement are available on the Company's website, www.beeksfinaancialcloud.com. Copies of the Interim Report will be downloadable from the Company's website and available from the registered office of the Company shortly.